

**Ledwith, Cara L.**

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**From:** Miller, Jeff  
**Sent:** Wednesday, October 12, 2011 11:42 AM  
**To:** BEACHAJ@nationwide.com  
**Cc:** Ledwith, Cara L.  
**Subject:** RE:Kaiser Cement Corporation Site: Lower Duwamish Waterway Superfund Site  
Scottsdale Claim #: 1338428-228  
**Attachments:** 1989 KC into SBS.PDF; 1999 KC name change to Hanson.pdf; KC2004134.pdf; HPC4.pdf; HPC3.pdf

Jim,

Documents supporting the transactions listed in our June 27, 2011 letter are attached to this email. The last page of the SEC document shows that Kaiser Gypsum was a wholly-owned subsidiary of Permanente Cement Company in 1961. Permanente Cement Company was renamed to Kaiser Cement & Gypsum Corporation in 1964 and then to Kaiser Cement Corporation in 1979 as shown in the attached documents.

Regarding your second request, Miller Nash has been reviewing historical documents retained by Kaiser Gypsum and Kaiser Cement. As we explained to the insurers in our notice letters, the totality of the knowledge about Kaiser Gypsum's and Kaiser Cement's involvement with the Lower Duwamish Waterway properties is contained within the historical documents in the possession, custody or control of Kaiser Gypsum and Kaiser Cement. The repository has in the range of 9,000 boxes that are unfortunately not well organized or cataloged. Therefore, the task of identifying the appropriate boxes to review has been challenging and time consuming. Ultimately, we reviewed documents in more than 250 boxes over the past 11 months. We identified approximately 15,000 pages that were relevant to Kaiser Gypsum's and Kaiser Cement's responses to EPA's Section 104(e) information requests. From these 15,000 pages of documents, we are preparing Kaiser Gypsum's and Kaiser Cement's supplemental responses to EPA. We expect that process to be concluded by the end of 2011.

Jeff

**From:** BEACHAJ@nationwide.com [mailto:BEACHAJ@nationwide.com]  
**Sent:** Tuesday, July 05, 2011 4:08 AM  
**To:** Miller, Jeff  
**Cc:** BEACHAJ@nationwide.com  
**Subject:** Kaiser Cement Corporation Site: Lower Duwamish Waterway Superfund Site Scottsdale Claim #: 1338428-228

Mr Miller:

Thank you for your June 27, 2011 letter regarding the above-captioned matter. However, after reviewing the information you have provided, we have additional questions. Please provide the following information:

1. Thank you for your explanation concerning the corporate relationship between Hanson, Kaiser Cement and Kaiser Gypsum. Please provide the corporate documents supporting the transactions you reference in your letter.
2. Please provide updated documentation/information concerning the results of Kaiser's review of the historical records as they become available.

3. National Casualty Company (National) provided excess umbrella liability insurance to Kaiser Cement from April 1, 1983 to April 1, 1984. National's limits of liability are \$1,000,000 each occurrence, \$1,000,000 annual aggregate, excess of \$100,000,000. The policy follows the terms and conditions of the lead umbrella policy issued by First State Insurance Company (First State{Policy Number 941233}). If applicable, the First State follows the terms and conditions of the Home Insurance Company (Home). Again, it does not appear this matter will reach the National Casualty policy. If you believe this matter will reach the National layer, please provide documentation supporting your contention.

National continues to fully reserve all rights.

Thanks!

Jim

James F. Beacham, Sr. AIC, AIS  
Consultant  
Nationwide Indemnity  
PO Box 1346  
Westminster, MD 21158  
[beachaj@nationwide.com](mailto:beachaj@nationwide.com)  
Phone: 1-410-751-8733  
Fax: 1-866-213-6505

**Jeff Miller**

**MILLER NASH LLP**

500 East Broadway | Suite 400 | Vancouver, Washington 98660-3324

Office: 360-699-4771 | Fax: 360-694-6413

[Jeff.Miller@MillerNash.com](mailto:Jeff.Miller@MillerNash.com) | [www.millernash.com](http://www.millernash.com)

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KC2005948

ARIZONA COMMISSION  
FOR THE STATE OF AZ.  
DELIVERED

ARTICLES OF MERGER  
OF  
KAISER CEMENT CORPORATION  
INTO  
SUPERLITE BUILDERS SUPPLY, INC.

FEB 11 11 44 AM '89  
FILED BY *[Signature]*  
DATE FILED *2-2-89*  
TERM  
DATE *066296-7*

*effective*  
*2-3-89*

Pursuant to the provisions of Section 10-077 of the Arizona General Corporation Law, the undersigned domestic and foreign corporations adopt the following Articles of Merger:

FIRST: The names of the undersigned corporations and the State under the laws of which they are respectively organized are as follows:

<u>Name of Corporation</u>	<u>State</u>
Kaiser Cement Corporation	Delaware
Superlite Builders Supply, Inc.	Arizona

SECOND: The laws of the State of Delaware, under which the foreign corporation is organized, permit such merger.

THIRD: The undersigned domestic corporation, Superlite Builders Supply, Inc., the name of which shall herewith be changed to Kaiser Cement Corporation, shall be the surviving corporation; and such corporation shall continue to be governed by the laws of the State of Arizona.

FOURTH: The plan of merger set forth in the Plan and Agreement of Merger attached as Exhibit A hereto, which is incorporated by reference herein (the "Plan"), was approved by the undersigned domestic corporation in the manner prescribed by the Arizona General Corporation Law, and was approved by the undersigned foreign corporation in the manner prescribed by the laws of the state under which it is organized.

FIFTH: As to each corporation, the number of shares outstanding, none of which are entitled to vote as a class or series on such Plan, are as follows:

<u>Name of Corporation</u>	<u>Number of Shares Outstanding</u>	<u>Entitled to Vote as a Class or Series Designation of Class or Series</u>	<u>Number of Shares</u>
Kaiser Cement Corporation	2,000	Not Applicable	
Superlite Builders Supply, Inc.	20,000	Not Applicable	

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SIXTH: As to each corporation, the total number of shares voted for and against such Plan, respectively, are as follows:

Name of Corporation	Number of Shares		Class or Series	Entitled to Vote as a Class or Series	
	Total Voted For	Total Voted Against		Voted For	Voted Against
Kaiser Cement Corporation	2,000	0		Not Applicable	
Superlite Builders Supply, Inc.	20,000	0		Not Applicable	

SEVENTH: The effective date of the Merger is February 3, 1989.

Dated: February 2, 1989

KAISER CEMENT CORPORATION  
(Merged Corporation)

By [Signature]  
its Vice President

and [Signature]  
its Assistant Secretary

SUPERLITE BUILDERS SUPPLY, INC.  
(Surviving Corporation)

By [Signature]  
its Vice President

and [Signature]  
its Assistant Secretary

[M]

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EXHIBIT A

PLAN AND AGREEMENT OF MERGER

PLAN AND AGREEMENT OF MERGER, dated this 2nd day of February, 1989, pursuant to Section 251 of the General Corporation Law of the State of Delaware and Section 10-077 of the General Corporation Law of the State of Arizona, among Superlite Builders Supply, Inc., an Arizona corporation ("SBSI"), Kaiser Cement Corporation ("Kaiser"), a Delaware corporation (collectively, SBSI and Kaiser may hereinafter be referred to as the "constituent corporations").

W I T N E S S E T H :

WHEREAS, to reflect recent changes in management structure and take advantage of mutual regional business opportunities, as well as to integrate the cement and cement block operations of the constituent corporations, Kaiser desires to merge into SBSI and SBSI desires to merge into itself Kaiser (the "merger"), as hereinafter specified;

NOW, THEREFORE, the corporations parties to this agreement, in consideration of the mutual covenants, agreements and provisions hereinafter contained, do hereby prescribe the terms and conditions of said merger and the mode and plan of carrying the same into effect as follows:

FIRST: SBSI hereby merges into itself Kaiser and said Kaiser shall be and hereby is merged into SBSI, which shall be the surviving corporation.

SECOND: The Certificate of Incorporation of SBSI, as heretofore amended and as in effect on the date of the merger provided for in this

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agreement, shall continue in full force and effect as the Certificate of Incorporation of the corporation surviving this merger, except that upon the merger becoming effective, Article II of such Certificate of Incorporation shall be amended to read in its entirety as follows:

"The name of this Corporation shall be Kaiser Cement Corporation."

THIRD: The manner of converting the outstanding shares of capital stock of each of the constituent corporations into other securities shall be as follows:

(a) Each share of common stock of SBSI which shall be outstanding on the effective date of this agreement shall continue outstanding as a share of common stock of the surviving corporation.

(b) Each share of common stock of the merged corporation which shall be outstanding on the effective date of this agreement, and all rights in respect thereof, shall be cancelled and 172,300 shares of the common stock of SBSI shall be issued to HK-9, Inc., the sole stockholder of Kaiser, in consideration thereof. HK-9, Inc., as sole stockholder of Kaiser, consented to such action by its approval of this agreement.

FOURTH: The terms and conditions of the merger are as follows:

(a) The by-laws of the surviving corporation as they shall exist on the effective date of this agreement shall be and remain the by-laws of the surviving corporation until the same shall be altered, amended or repealed as therein provided.

(b) The directors and officers of the surviving corporation shall continue in office until the next annual meeting of stockholders and until their successors shall have been elected and qualified.

(c) This merger shall become effective on February 3, 1989.

(d) Upon the merger becoming effective, all the property, rights, privileges, franchises, patents, trademarks, licenses, registrations and other assets of every kind and description of the merged corporation shall be transferred to, vested in and devolve upon the surviving corporation without further act or deed and all property, rights, and every other interest of the surviving corporation and the merged corporation shall be as effectively the property of the surviving corporation as they were of the surviving corporation and the merged corporation, respectively. The merged corporation hereby agrees from time to time, as and when requested by the surviving corporation or by its successors or assigns, to execute and deliver or cause to be executed and delivered all such deeds and instruments and to take or cause to be taken such further or other action as the surviving corporation may deem necessary or desirable in order to vest in and confirm to the surviving corporation title to and possession of any property of the merged

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corporation acquired or to be acquired by reason of or as a result of the merger herein provided for and otherwise to carry out the intent and purposes hereof and the proper officers and directors of the merged corporation and the proper officers and directors of the surviving corporation are fully authorized in the name of the merged corporation or otherwise to take any and all such action.

(e) Upon the merger becoming effective, all debts, liabilities and duties of the constituent corporations shall thenceforth attach to the surviving corporation, and may be enforced against it to the same extent as if said debts, liabilities and duties had been incurred or contracted by it. Neither the rights of creditors, nor any liens upon the property of either constituent corporation, shall be impaired by the merger. Any claim existing or action or proceeding pending by or against the merged corporation upon the merger becoming effective may be prosecuted as if the merger had not taken place, or the surviving corporation may be substituted in its place.

FIFTH: Anything herein or elsewhere to the contrary notwithstanding, this agreement may be terminated and abandoned by the board of directors of any constituent corporation at any time prior to the date of filing the agreement or a certificate of merger in respect thereof with the Delaware Secretary of State or articles of merger in respect of the merger with the Corporation Commission of the State of Arizona, provided that an amendment made subsequent to the adoption of the agreement by the stockholders of any constituent corporation shall not (1) alter or change the amount or kind of shares, securities, cash, property and/or rights to be received in exchange for or on conversion of all or any of the shares of any class or series thereof of such constituent corporation, (2) alter or change any term of the certificate of incorporation of the surviving corporation to be effected by the merger, or (3) alter or change any of the terms and conditions of the agreement if such alteration or change would adversely affect the holders of any class or series thereof of such constituent corporation.

IN WITNESS WHEREOF, the parties to this agreement, pursuant to the approval and authority duly given by resolutions adopted by their respective boards of directors, and that fact having been certified on said Plan and

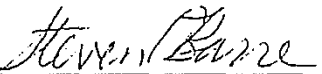
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Agreement of Merger by the Assistant Secretary of each corporate party thereto, have caused these presents to be executed by the Vice President and attested by the Assistant Secretary of each party hereto as the respective act, deed and agreement of each of said corporations, on the date first set forth above.

SUPERLITE BUILDERS SUPPLY, INC.

By:   
Vice President

ATTEST:

By:   
Assistant Secretary

KAISER CEMENT CORPORATION

By:   
Vice President

ATTEST:

By:   
Assistant Secretary

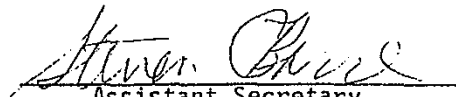
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I, Steven C. Barre, Assistant Secretary of Kaiser Cement Corporation, a corporation organized and existing under the laws of the State of Delaware, hereby certify, as such Secretary, that the Plan and Agreement of Merger to which this certificate is attached, after having been first duly signed on behalf of the said corporation and having been signed on behalf of Superlite Builders Supply, Inc., a corporation of the State of Arizona, was duly adopted pursuant to Section 228 of Title 8 of the Delaware Code of 1953, by the written consent of the sole stockholder of the corporation, which Plan and Agreement of Merger was thereby adopted as the act of the sole stockholder of said Kaiser Cement Corporation, and the duly adopted agreement and act of the said corporation.

WITNESS my hand on this 2nd day of February, 1989.


  
Assistant Secretary

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I, Steven C. Barre, Assistant Secretary of Superlite Builders Supply, Inc., a corporation organized and existing under the laws of the State of Arizona, hereby certify, as such Assistant Secretary, that the Plan and Agreement of Merger to which this certificate is attached, after having been first duly signed on behalf of the said corporation and having been signed on behalf of Kaiser Cement Corporation, a corporation of the State of Delaware, was duly adopted pursuant to Section 10-145 of the Arizona General Corporation Law, by the written consent of the sole stockholder of the corporation, which Plan and Agreement of Merger was thereby adopted as the act of all of the stockholders of said Superlite Builders Supply, Inc., and the duly adopted agreement and act of the said corporation.

WITNESS my hand on this 2nd day of February, 1989.

  
Assistant Secretary

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JIM IRVIN  
COMMISSIONER-CHAIRMAN

TONY WEST  
COMMISSIONER

CARL J. KUNASEK  
COMMISSIONER



ARIZONA CORPORATION COMMISSION

STUART R. BRACKNEY  
ACTING EXECUTIVE SECRETARY

JOANNE C. MACDONNELL  
DIRECTOR, CORPORATIONS DIVISION

February 19, 1999

Re: Hanson Permanente Cement, Inc.

This letter concerns the document checked below which was filed on February 17, 1999

- ( X ) Articles of Amendment
- (   ) Articles of Restatement
- (   ) Articles of Merger
- (   ) Application for New Authority
- (   ) Statement of Intent to Dissolve (nonprofit)
- (   ) Share Exchange

This document must be published within sixty (60) days after the above-referenced filing date in a newspaper of general circulation in the county in which you are doing business in Arizona for three (3) consecutive publications. An affidavit evidencing the publication must be filed with the Commission within ninety (90) days of the date of filing.

Sincerely,

Sonia Greer  
Examiner  
Corporations Division  
(602) 542-3135  
1-800-345-5819 (AZ only)

ARTICLES OF AMENDMENT  
OFEXPED  
AZ CORP COM  
FILED

FEB 17 2 29 PM

Kaiser Cement Corporation  
[Name of Corporation]APPR James R. R.  
DATE APRR 2/17/99  
TERM \_\_\_\_\_  
DATE \_\_\_\_\_

0066296-7

1. The name of the corporation is  
Kaiser Cement Corporation.
2. Attached hereto as Exhibit A is the text of each amendment adopted.
3. ☒ The amendment does not provide for an exchange, reclassification or cancellation of issued shares.  
  
☐ Exhibit A contains provisions for implementing the exchange, reclassification or cancellation of issued shares provided for therein.  
  
☐ The amendment provides for exchange, reclassification or cancellation of issued shares. Such actions will be implemented as follows:  
  
\_\_\_\_\_  
  
\_\_\_\_\_

4. The amendment was adopted the 16th day of February, 1999.
5. ☐ The amendment was adopted by the ☐ incorporators ☐ board of directors without shareholder action and shareholder action was not required.

☒ The amendment was approved by the shareholders. There is (are) 1 voting groups eligible to vote on the amendment. The designation of voting groups entitled to vote separately on the amendment, the number of votes in each, the number of votes represented at the meeting at which the amendment was adopted and the votes cast for and against the amendment were as follows:

The voting group consisting of 192,300 outstanding shares of Common [class or series] stock is entitled to 192,300 votes. There were 192,300 votes present at the meeting. The voting group cast 192,300 votes for and -0- votes against approval of the amendment. The number of votes cast for approval of the amendment was sufficient for approval by the voting group.

CF: 0040  
Rev: 1/96

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(ARIZ. - 82 - 1/1/96)

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The voting group consisting of \_\_\_\_\_ outstanding shares of \_\_\_\_\_ [class or series] stock is entitled to \_\_\_\_\_ votes. There were \_\_\_\_\_ votes present at the meeting. The voting group cast \_\_\_\_\_ votes for and \_\_\_\_\_ votes against approval of the amendment. The number of votes cast for approval of the amendment was sufficient for approval by the voting group.

DATED as of this 16<sup>th</sup> day of February, 1999.

Kaiser Cement Corporation

[name of corporation]

By \_\_\_\_\_

Jill M. Blundon, Vice President

[name]

[title]

**EXHIBIT A**

ARTICLE II of the original Articles of Incorporation is hereby amended to read in its entirety as follows:

“The name of this Corporation shall be **Hanson Permanente Cement, Inc.**”

The effective date of the Amendment will be February 19, 1999.

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CERTIFICATE OF AMENDMENT  
of  
ARTICLES OF INCORPORATION  
of  
PERMANENTE CEMENT COMPANY

ENDORSED  
FILED  
In the office of the Secretary of State  
of the State of California  
JUL 2 1964  
FRANK M. JORDAN, Secretary of State  
By F. C. VOGEL  
Deputy

PETER S. HASS and WILLIAM MARKS certify:

1. That they are the president and the secretary, respectively, of PERMANENTE CEMENT COMPANY, a California corporation.

2. That at a meeting of the Board of Directors of said corporation, duly held at Oakland, California, on December 3, 1963, the following resolution was adopted:

RESOLVED, that Article ONE of the Articles of Incorporation of this Corporation be amended to read as follows:

"The name of this Corporation is KAISER CEMENT & GYPSUM CORPORATION."

3. That at a meeting of the shareholders of said corporation, duly held at Oakland, California, on June 19, 1964, a resolution was adopted, which resolution is identical in form to the directors' resolution set forth in paragraph 2 above.

4. That the number of shares which voted affirmatively for the adoption of said resolution is 5,227,843, and that the total number of shares entitled to vote on or consent to said amendment is 5,725,732.

PETER S. HASS  
PETER S. HASS, *President*

WILLIAM MARKS  
WILLIAM MARKS, *Secretary*

Each of the undersigned declares under penalty of perjury that the matters set forth in the foregoing certificate are true and correct. Executed at Oakland, California, on June 23, 1964.

PETER S. HASS  
PETER S. HASS

WILLIAM MARKS  
WILLIAM MARKS

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State  
of  
California

OFFICE OF THE SECRETARY OF STATE



I, *MARCH FONG EU*, Secretary of State of the State of California, hereby certify:

That the annexed transcript has been compared with the record on file in this office, of which it purports to be a copy, and that same is full, true and correct.

IN WITNESS WHEREOF, I execute  
this certificate and affix the Great  
Seal of the State of California this

MAY 1 - 1979



*March Fong Eu*

Secretary of State

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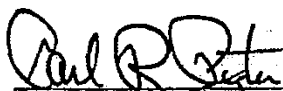
CERTIFICATE OF AMENDMENT  
OF  
RESTATED ARTICLES OF INCORPORATION  
OF  
KAISER CEMENT & GYPSUM CORPORATION

**ENDORSED  
FILED**  
In the office of the Secretary of State  
of the State of California  
**MAY 1 1979**  
MARCH FONG EU, Secretary of State  
By JAMES E. HARRIS  
Deputy

WALTER E. OUSTERMAN, JR. and CARL R. PAGTER certify:

1. That they are the President and Secretary, respectively, of KAISER CEMENT & GYPSUM CORPORATION, a California corporation.
2. That at a meeting of the Board of Directors of said Corporation, duly held at Oakland, California on December 6, 1978, the following resolutions were adopted:  
  
RESOLVED, that subject to the approval of the shareholders of this Corporation, Article ONE of the Restated Articles of Incorporation of this Corporation be amended to read as follows:  
  
"The name of this Corporation is KAISER CEMENT CORPORATION."  
  
RESOLVED FURTHER, that the matter of adoption of said amendment be submitted to the shareholders of this Corporation at the next annual meeting of shareholders; and  
  
RESOLVED FURTHER, that the Secretary of this Corporation be and hereby is authorized and directed to take such action as may be required to include in the notice of meeting and proxy statement to be mailed to each shareholder of this Corporation entitled to vote at said annual meeting of shareholders, information with respect to the foregoing amendment of the Restated Articles of Incorporation.
3. That at a meeting of the shareholders of said Corporation, duly held at Oakland, California, on April 25, 1979, the following resolutions were adopted:  
  
RESOLVED, that effective immediately, Article ONE of the Restated Articles of Incorporation of the Corporation be amended to read as follows:  
  
"The name of this Corporation is KAISER CEMENT CORPORATION."  
  
RESOLVED FURTHER, that the Secretary of the Corporation is authorized and directed to take such action as may be required to file such amendment with the California Secretary of State's office and otherwise make effective the corporate name change.
4. That the number of shares which voted affirmatively for the adoption of said resolutions at such meeting of shareholders on April 25, 1979 was 4,143,566, and that the total number of shares entitled to vote on or consent to said amendment was 6,623,904.

  
WALTER E. OUSTERMAN, JR., President

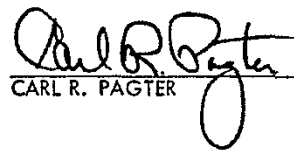
  
CARL R. PAGTER, Secretary

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Each of the undersigned declares under penalty of perjury that the matters set forth in the foregoing certificate are true and correct. Executed at Oakland, California on April 30, 1979.

  
WALTER E. OUSTERMAN, JR.

  
CARL R. PAGTER

Registration No. ....

**SECURITIES AND EXCHANGE COMMISSION**

Washington 25, D. C.

**Form S-1****REGISTRATION STATEMENT**

Under

**THE SECURITIES ACT OF 1933****Permanente Cement Company**

(Exact name of registrant as specified in charter)

KAISER CENTER, 300 LAKESIDE DRIVE

OAKLAND 12, CALIFORNIA

(Address of Principal Executive Office)

KENNETH A. CONNINGHAM, Treasurer

Kaiser Center, 300 Lakeside Drive

Oakland 12, California

(Name and address of agent for service)

*Copies to:*

LAUFFER T. HAYES	THEODORE R. MEYER
THELEN, MARRIN, JOHNSON & BRIDGES	BROBECK, PHLEGER & HARRISON
One Eleven Sutter Street	One Eleven Sutter Street
San Francisco 4, California	San Francisco 4, California

Approximate date of proposed sale to the public: As soon as practicable  
after the effective date of this Registration Statement.

**CALCULATION OF REGISTRATION FEE**

Title of Each Class of Securities Being Registered <sup>①</sup>	Amount Being Registered	Proposed Maximum Offering Price Per Unit <sup>②</sup>	Proposed Maximum Aggregate Offering Price <sup>③</sup>	Amount of Registration Fee
.....% Series, Convertible Preferred Stock—cumulative—\$50 par value..	365,000 shs.	\$52	\$18,980,000	\$1,898
Common Stock, par value \$1 per share.....	Such number of shares as may be issued upon conversion of the .....% Series, Convertible Preferred Stock. <sup>③</sup>			

① The Registration Statement also includes an indeterminate number of scrip certificates issuable, in lieu of fractional shares of Common Stock, upon conversion of the .....% Series, Convertible Preferred Stock.

② Estimated solely for the purpose of determining the filing fee.

③ At the initial conversion price, ..... shares will be so required.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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KC2004134

PERMANENTE CEMENT COMPANY

Cross Reference Sheet Pursuant to Rule 404(c) Between Registration Statement (Form S-1) and Form of Prospectus

Registration Statement Item and Heading	Caption or Subcaption in Prospectus
1. Distribution Spread.....	Cover page
2. Plan of Distribution.....	Underwriting
3. Use of Proceeds to Registrant.....	Purpose of Issue
4. Sales Otherwise Than for Cash.....	Not Applicable
5. Capital Structure .....	Capitalization
6. Summary of Earnings.....	Summary of Consolidated Earnings
7. Organization of Registrant.....	The Company
8. Parents of Registrant .....	Shareholders
9. Description of Business.....	The Company Business and Properties
10. Description of Property .....	
11. Organization Within 5 Years.....	Not Applicable
12. Pending Legal Proceedings .....	Pending Legal Proceedings
13. Capital Stock Being Registered .....	Description of Capital Stocks
14. Long-Term Debt Being Registered.....	Not Applicable
15. Other Securities Being Registered.....	Not Applicable
16. Directors and Executive Officers.....	Management
17. Remuneration of Directors and Officers .....	Management: Remuneration
18. Options to Purchase Securities.....	Management: Restricted Stock Option Plans
19. Principal Holders of Securities.....	Shareholders
20. Interest of Management and Others in Certain Transactions.....	Management: Certain Transactions with Others
21. Financial Statements .....	Index to Financial Statements; Accountants' Report

KG2005966

KC2004135

## PRELIMINARY PROSPECTUS DATED OCTOBER 25, 1961

365,000 Shares

(of which ..... shares are not publicly offered)

## Permanente Cement Company

\_\_\_\_\_% Series, Convertible Preferred Stock

(Cumulative—\$50 Par Value)

Convertible into Common Stock at any time prior to redemption at a conversion price of \$..... per share, subject to adjustment in certain events, with each share of Convertible Preferred Stock taken at \$50 per share.

Redeemable at the option of the Company in whole or in part at any time at \$..... per share if redeemed on or before December 1, 1966, \$..... per share if redeemed thereafter and on or before December 1, 1971, \$..... per share if redeemed thereafter and on or before December 1, 1976, \$..... per share if redeemed thereafter and on or before December 1, 1981, and \$50 per share if redeemed thereafter, together in each case with accrued dividends.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	Price to Public (1)	Underwriting Discounts and Commissions (2)	Proceeds to Company (3)
Per Share .....			
Total .....			

(1) Plus accrued dividends from date of delivery.

(2) The Company has agreed to indemnify the several underwriters against certain civil liabilities, including liabilities under the Securities Act of 1933. No commission will be paid on shares to be purchased by Henry J. Kaiser Company.

(3) Before deduction of expenses payable by the Company estimated at \$.....

The Company has agreed to sell ..... shares of the Convertible Preferred Stock to Henry J. Kaiser Company, a wholly-owned subsidiary of Kaiser Industries Corporation, at the public offering price. The sale to Henry J. Kaiser Company is conditioned only upon the sale of ..... shares of the Convertible Preferred Stock to the Underwriters and is to be made at any time prior to December 31, 1962 upon notice from the Company. Kaiser Industries Corporation and Henry J. Kaiser Company now own 2,229,013 shares (39%) of the Company's outstanding Common Stock.

..... shares of the Convertible Preferred Stock are offered by the several Underwriters when, as and if issued by the Company, delivered to and accepted by the Underwriters and subject to their right to reject orders in whole or in part. It is expected that interim certificates for the Convertible Preferred Stock will be ready for delivery on or about December ....., 1961.

Dean Witter &amp; Co.

The First Boston Corporation

The date of this Prospectus is ....., 1961

A registration statement relating to these securities has been filed with the Securities and Exchange Commission, but has not yet been approved or disapproved by the Commission. These securities may not be sold nor may offers to buy be accepted, prior to the time the registration statement becomes effective. This prospectus shall be an offer to sell or the solicitation of an offer to buy and shall not be used in any state in which such offer, solicitation or sale would be unlawful under the securities laws of any such State.

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IN CONNECTION WITH THIS OFFERING THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE CONVERTIBLE PREFERRED AND THE COMMON STOCKS OF THE COMPANY AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH TRANSACTIONS MAY BE EFFECTED IN THE OVER-THE-COUNTER MARKET OR OTHERWISE. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

#### THE COMPANY

Permanente Cement Company, incorporated in California in 1939, is a major producer of cement and gypsum products within its marketing areas. The Company's operations begin with the mining of raw materials and continue through manufacturing, distribution and marketing. Principal executive offices are located in Oakland, California. The term "Company" when used herein refers to Permanente Cement Company and, where appropriate, its subsidiaries, including Kaiser Gypsum Company, Inc.

In 1960, the Company sold approximately 24% of the cement consumed within its marketing areas, namely, the Pacific Coast States, Nevada, Hawaii and Alaska, and the Company estimates that it sold approximately 30% of the gypsum boards and 15% of the insulating products (wood fiber) consumed in its principal marketing areas for these products, namely, the thirteen Western States.

In 1950, the Company's only cement production facilities consisted of a plant in Northern California. Gross expenditures for expansion and acquisitions, including the gypsum business acquired in 1952, during the ten years and nine months ended September 30, 1961, have aggregated \$97,305,000, as follows:

Cement manufacturing facilities.....	\$47,131,000
Gypsum and insulating products manufacturing facilities.....	26,827,000
Transportation and distribution facilities.....	14,883,000
Aggregates plants.....	3,970,000
Miscellaneous.....	4,494,000
<b>TOTAL</b> .....	<b>\$97,305,000</b>

During the ten years and nine months period ended September 30, 1961, retirements aggregated \$7,078,000.

#### EXPANSION AND CONSTRUCTION PROGRAM

The Company has undertaken a cement expansion program expected to be completed in early 1963 at an estimated cost of \$18,400,000. This program will increase the Company's present cement producing capacity by approximately 28% and will include the addition of a 2,700,000 barrel annual capacity kiln and a 4,400 horsepower grinding mill and appurtenances at the Company's Cushenbury plant in Southern California, and the construction of a 1,400,000 barrel annual capacity cement plant on a site owned by the Company near Helena, Montana.

Waterfront sites for gypsum products plants have been acquired at Jacksonville, Florida and Houston, Texas. Engineering for these plants is virtually completed, but no decision has been made to begin construction. The Company may invest approximately \$1,250,000 for a minority interest in a corporation which proposes to purchase and expand certain existing cement plants in Pakistan. Negotiations related to this investment are still in process and details are not yet available. No determinations have been made with respect to the methods or extent of financing which may be necessary for the projects described in this paragraph.

Changes in various aspects of the expansion program, including the cost thereof, may be required as the result of future business, economic and other conditions.

# PURPOSE OF ISSUE

The Company's current financing program includes the sale of the Convertible Preferred Stock covered hereby, the sale of up to \$32,500,000 of 20-year Notes to a group of institutional investors, negotiations with respect to which are not yet concluded, and the use to the extent required of internally generated cash. The funds from this financing program are to be applied to the cost of the new cement facilities described above and, if the 20-year Notes are sold as now contemplated, to the prepayment of \$37,338,750 principal amount of the present bank loans incurred from time to time since 1955 primarily in connection with the Company's prior expansion programs.

The Company is also negotiating a \$10,000,000 Bank Credit Agreement, described under "Capitalization", which it is expected will be effective only upon satisfaction of certain conditions, including the sale of the Convertible Preferred Stock covered hereby and the sale of the 20-year Notes. The Company has no present plans for the utilization of this line of bank credit, but this credit, if concluded, will be available to supplement to the extent required the funds from the financing program described above.

# CAPITALIZATION

The capitalization of the Company at September 30, 1961, and as adjusted to reflect the sale of the Convertible Preferred Stock covered hereby, and assuming the sale of \$32,500,000 principal amount of its 20-year Notes, is summarized in the following schedule:

Notes, is summarized in the following schedule:

	Presently Authorized	Outstanding September 30, 1961 (Dollars stated in thousands)	As Adjusted
LONG-TERM OBLIGATIONS (including current maturities):			
Notes payable to banks:			
4¾% due to July 31, 1965.....	\$ 11,594.	\$ 11,594	\$ 313
5¼% due to November 30, 1966.....	27,370	27,370	—
Bank Credit Agreement Loans①.....	—	—	—
.....% Notes Due 198... ②.....	—	—	32,500
Total Long-Term Obligations.....		\$ 38,964③	\$ 32,813
CAPITAL STOCK AND SURPLUS:			
Preferred Stock (\$50 par)—authorized 700,000 Shs., issuable in series:			
.....% Series, Convertible Preferred Stock—Cumulative—to be authorized and outstanding 365,000 Shs.....		—	\$ 18,250
Common Stock (\$1 par)—authorized 8,000,000 Shs.④—outstanding 5,719,142 Shs.		\$ 5,719	5,719
Surplus:			
Capital .....		6,631	6,631
Retained earnings .....		35,728	35,728
Total Capital Stock and Surplus.....		\$ 48,078	\$ 66,328
Total Capitalization .....		\$ 87,042	\$ 99,141

① It is expected that the new Bank Credit Agreement will provide for a revolving bank credit terminating ..... 1964 or upon the Company's incurring a term loan thereunder, whichever is earlier. A commitment fee of ... of 1% per annum on the unused portion of the credit is payable quarterly. Revolving credit loans are to bear interest at the prime rate of the Bank of America National Trust and Savings Association. Prior to ....., 1964, the Company may borrow up to \$10,000,000 on a term loan basis out of which any revolving credit loans then outstanding must be repaid. The term loan is to bear interest at the above prime rate plus ... of 1% per annum and is to be repayable in five equal annual instalments beginning one year after the date thereof.

② The sale of these 20-year Notes to institutional investors is being negotiated. It is expected that the agreement with respect to these Notes will contain restrictions on the payment of dividends and on the acquisition by the Company of its capital stock as more fully set forth under "Description of Capital Stocks" herein.

③ Since September 30, 1961, the Company has prepaid \$1,312,500 of its notes payable to banks.

④ Includes 141,010 shares reserved for issuance under options (see "Restricted Stock Option Plans") and, based upon the initial conversion rate, ..... shares reserved for issuance upon conversion of the Convertible Preferred Stock.

⑤ See Note H of Notes to Financial Statements for information relating to long-term lease commitment.

SUMMARY OF CONSOLIDATED EARNINGS

The following consolidated statements of net earnings for the Company and subsidiaries for the year ended January 31, 1957, the eleven month fiscal period ended December 31, 1957, the three years ended December 31, 1960, and the six months ended June 30, 1961, have been reviewed by Touche, Ross, Bailey & Smart, independent public accountants, whose opinion thereon appears elsewhere in this Prospectus. The consolidated statement for the six months ended June 30, 1960, has been prepared from unaudited records of the Company and its subsidiaries, and in the opinion of management includes all adjustments (all of which were normal recurring accruals) necessary for a fair statement of the results for that period. The statements should be read in conjunction with the financial statements and related notes thereto included in this Prospectus.

	Six Months Ended June 30,		Year Ended December 31,			Eleven Month Fiscal Period Ended December 31,	Year Ended January 31,
	1961	1960 (Unaudited)	1960	1959	1958	1957	1957
	(Thousands of Dollars)						
Net sales and operating revenues.....	\$35,750	\$34,091	\$72,006	\$77,164	\$67,359	\$50,756	\$43,553
Other income .....	372	263	542	466	465	396	599
	\$36,122	\$34,354	\$72,548	\$77,630	\$67,824	\$51,152	\$44,152
Costs and expenses:							
Cost of products sold and operating ex- penses*	\$21,789	\$21,239	\$44,230	\$46,239	\$40,075	\$30,555	\$25,523
Selling, administrative, and general ex- penses*	5,100	4,974	10,422	8,334	6,948	5,274	4,486
Depreciation and depletion of property, plant, and equipment	3,091	2,598	5,668	5,214	4,871	4,184	2,630
Retirement and pension plan costs.....	323	217	612	577	439	205	243
Interest on long-term debt.....	963	694	1,553	1,373	1,402	1,169	482
Miscellaneous .....	102	124	84	387	373	129	181
	\$31,368	\$29,846	\$62,569	\$62,124	\$54,108	\$41,516	\$33,545
EARNINGS BEFORE TAXES ON INCOME	\$ 4,754	\$ 4,508	\$ 9,979	\$15,506	\$13,716	\$ 9,636	\$10,607
Federal and foreign taxes on income①.....	1,850	1,760	3,700	6,797	5,895	4,213	4,477
NET EARNINGS①	\$ 2,904	\$ 2,748	\$ 6,279	\$ 8,709	\$ 7,821	\$ 5,423	\$ 6,130
Shares of Common Stock outstanding at end of periods .....	5,719,142	5,717,542	5,717,542	5,716,992	5,713,592	5,710,712	5,705,452
	(Per Share Common Stock Data)						
Net earnings① .....	\$ .51	\$ .48	\$1.10	\$1.52	\$1.37	\$ .95	\$1.08
Cash dividends declared.....	.35	.35	.70	.70	.715	.405	.505

\*Excludes depreciation and depletion.

① In 1960, the Congress of the United States enacted legislation, (1) amending the provisions of the Internal Revenue Code for years commencing subsequent to December 31, 1960, to provide that the calculation of percentage depletion by cement producers be based upon the value of the limestone immediately prior to its introduction into the kiln; and, (2) allowing cement producers to make an election to settle all open years through the year ended December 31, 1960, on the basis provided by the amendment. The Company has made this election and the accompanying financial statements reflect computation of percentage depletion on the basis of the election and recognize the effect of additional taxes of \$5,520,893 retroactively allocated to prior periods: \$30,736, \$1,115,912, \$1,136,614, \$1,604,710 and \$1,632,921, to the years ended January 31, 1956, and 1957, the eleven month fiscal period ended December 31, 1957, and the years 1958 and 1959, respectively.

② Results of operations for the six months ended June 30, 1961 are not necessarily indicative of results for the full year.

A decline in construction activity in the Company's marketing areas, particularly affecting residential building, occurred in 1960 as compared with 1959. This decline, together with a continuing rise in cost of materials,

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services, wages and fuel, were the major factors contributing to lower sales and earnings in 1960. In addition, in 1960 relatively high fixed charges for depreciation (resulting from accelerated depreciation methods), interest charges and non-recurring costs of starting up new production facilities in Hawaii and New Mexico adversely affected earnings compared with 1959.

Net sales and net earnings for the quarter ended September 30, 1961 were \$21,600,000 and \$2,532,000, respectively, compared with \$20,905,000 and \$2,106,000, respectively, for the third quarter of 1960. The foregoing figures are unaudited, but the Company believes that all adjustments (all of which were normal recurring accruals) necessary to a fair statement of the results for these quarterly periods have been made.

The initial annual dividend requirements on the Convertible Preferred Stock covered hereby will be \$..... and interest on the \$32,500,000 aggregate principal amount of the 20-year Notes initially outstanding will amount to \$..... per annum.

#### DIVIDENDS AND MARKET PRICES

The Company has paid regular quarterly cash dividends since the sale to the public of shares of its Common Stock in December, 1947. Dividends paid on the Common Stock since 1955 are shown under "Summary of Consolidated Earnings". A quarterly cash dividend of 17½¢ per share has been declared payable October 31, 1961. Future dividends on capital stocks will depend on future earnings, financial needs of the Company and other relevant factors. For limitations applicable to payment of dividends, see "Description of Capital Stocks".

The Common Stock of the Company is traded on the over-the-counter market—primarily on the West Coast and in New York. The following table indicates the reported high and low bid prices of the Company's Common Stock as reported by the National Quotations Bureau during the periods specified.

Period	High	Low
1958 .....	25	13¾
1959 .....	30¾	21½
1960 .....	23½	15¾
1961 through October 20.....	21½	17¾

The bid and asked prices for the Common Stock as published in the West Coast edition of the Wall Street Journal on October 20, 1961 were \$20¾ and \$22¼, respectively.

The Company intends to make application to list the Convertible Preferred Stock and its Common Stock on the New York and Pacific Coast Stock Exchanges.

#### BUSINESS AND PROPERTIES

**Cement.** Portland cement is a basic construction material and an essential ingredient in concrete. It is widely used in nearly all types of construction—highways, bridges, dams, airports and buildings. Cement also is used in the manufacture of prestressed and post-tensioned concrete structural shapes; concrete building blocks, panels and decorative tiles; concrete and asbestos-concrete pipe, siding and shingles; telephone poles and structural beams. The Company manufactures, in addition to standard portland cement, specialized types of cements, including oilwell cements, high-early strength cement, low alkali cements, sulphate-resistant cement, air-entraining cement, pipe cement and masonry and stucco cements, some of which were developed or perfected in the Company's laboratories.

**Gypsum and Insulating Products.** Gypsum plasters and wallboards are important basic construction materials used principally in housing and commercial construction. Insulating board (wood fiber) products are also used in housing and commercial work as well as in a wide variety of industrial applications. Gypsum products manufactured by the Company include various types of wallboards, lath, sheathing and plasters. The Company also sells gypsum rock to cement companies for use as a retarder in the manufacture of cement.

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Wood fiber insulating products are manufactured in a wide variety and include roof insulation, sheathing, siding, industrial insulation and various types of decorative and acoustical ceilings.

**Production Facilities.** The Company's plants, their locations and annual rated capacity are shown below.

Major Facilities	Annual Capacity
<b>Cement Plants</b>	(Barrels— 376 pounds)
Permanente plant, Permanente, California.....	8,500,000
Cushenbury plant, Lucerne Valley, California.....	2,700,000
Olympic plant, Bellingham, Washington.....	1,900,000
Waianae plant, Honolulu, Hawaii.....	1,700,000
Total Cement .....	14,800,000
<b>Gypsum Products Plants</b>	(Sq. Ft. ¾" Equivalent)
Long Beach, California .....	300,000,000
Antioch, California .....	250,000,000
Seattle, Washington .....	180,000,000
Rosario, New Mexico .....	125,000,000
Total Gypsum .....	855,000,000
<b>Insulating Products Plant</b>	(Sq. Ft. ½" Equivalent)
St. Helens, Oregon .....	120,000,000
<b>Aggregates Plants</b>	(Tons)
Steilacoom, Washington and Portland, Oregon.....	2,000,000

All of the above plants are owned in fee, except the Long Beach plant site which is leased by Kaiser Gypsum Company, Inc. for a term expiring in 2024 and certain portions of the aggregate deposits serving the Steilacoom and Portland aggregate plants which are leased by another wholly-owned subsidiary. All of the plants are in good operating condition and suitable for the purposes for which they are used.

The following table shows the aggregate rated capacity of the Company's cement and gypsum products plants and the production of cement, gypsum products and insulating board products for the periods indicated.

Fiscal Period	Cement Plants		Gypsum Products Plants		Insulating Products Plant	
	Capacity Available for Period	Production During Period	Capacity Available for Period	Production During Period	Capacity Available for Period	Production During Period
	Millions of Barrels		Millions of Square Feet (¾" Equivalent)		Millions of Square Feet (½" Equivalent)	
1951 .....	6.7	6.6	—	—	—	—
1952 .....	7.0	6.7	91	91	—	—
1953 .....	7.0	7.0	221	222	—	—
1954 .....	7.0	6.9	245	265	—	—
1955 .....	7.0	7.0	257	317	—	—
1956 .....	7.8	7.5	407	332	15	8
1957 .....	10.4	8.5	424	339	118	78
1958 .....	11.9	10.8	424	423	118	108
1959 .....	12.8	12.0	610	559	118	117
1960 .....	13.7	11.3	803	526	120	86
Nine Months ended Sept. 30, 1961.....	11.1	9.3	641	382	90	64

**Raw Materials.** The Company estimates that its present reserves of limestone or coral, the principal ingredient in the manufacture of its cement, are sufficient to supply all of its cement plants, assuming operation

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at full capacity after completion of its current expansion program, for periods ranging from 20 to more than 100 years. The Company also owns undeveloped limestone deposits in Alaska and New Mexico.

Reserves of limestone are located adjacent to the two California plants and the proposed Montana plant. Limestone for the Bellingham plant is transported by rail from reserves 30 miles north of the plant. The calcium carbonate in the form of land-based coral used by the Hawaii plant is located approximately 2 miles from the plant. All of the deposits are owned by the Company except the Cushenbury deposit which is owned by Kaiser Steel Corporation, an affiliated company. Kaiser Steel and the Company have entered into an agreement for a long term lease of a portion of the deposit, with additional sources to be substituted in the leased premises as additional limestone is required. In consideration of the Company's installing all necessary quarrying and processing facilities and quarrying and processing Kaiser Steel's requirements of metallurgical grade limestone at cost, the Company obtains its requirements of cement grade limestone. The agreement may be cancelled at any time by the Company on one year's notice, in which event Kaiser Steel has the right to buy the quarrying and processing facilities at cost less depreciation. The agreement cannot be cancelled by Kaiser Steel except for the Company's failure or refusal to perform under the contract.

The gypsum ore required for the operation of the California and Washington gypsum products plants is obtained from San Marcos Island, Mexico, in the Gulf of California, where extraction rights have been granted by the Mexican Government to a wholly-owned subsidiary of the Company. The San Marcos Island deposits are estimated by the Company to be sufficient for more than 100 years at full operation of the California and Washington plants. A new mining law recently enacted in Mexico provides that existing mining concessions, unless controlled by Mexican nationals, are limited to a 25-year term. In the case of the Company, it is believed that this is a period of 25 years ending in September, 1986. Regulations governing specific applications of the new law have not yet been published and, while no assurance can be given that the present extraction rights will be extended beyond 1986, it would appear that such rights may be so extended if after 1986 the present subsidiary is majority-owned or the deposit otherwise majority-controlled by Mexican nationals. The gypsum ore reserves for the New Mexico plant are located adjacent to that plant. The Company estimates that these reserves are sufficient for approximately 60 years of capacity operation of that plant. Other gypsum ore deposits in Nevada and in Southern Alaska owned by the Company are not now being mined.

The Company does not anticipate any material changes in the physical mining conditions at any of its raw material sources.

The Company buys large quantities of natural gas (fuel oil in Hawaii) used in its manufacturing processes from public utilities located in each of its plant areas. Water requirements for plant operations at Permanente and a portion of the water requirements at some other plants and electric power are also purchased from local utilities. Wood chips for the insulating board plant are currently being purchased. The Company owns diversified timber lands, which are being held as a reserve source of materials. If this reserve were being used, it would provide a continual source for about 60% of the requirements of wood chips for full operation of the St. Helens plant.

**Water Transportation.** The Company owns and operates three ocean-going vessels, all of which are equipped with self-unloading machinery. One vessel has a capacity for either approximately 58,000 barrels of bulk cement or 10,000 tons of gypsum ore. The other two vessels are gypsum carriers, having capacities of 17,000 tons and 11,000 tons, respectively. A fourth bulk carrier owned by the Company is not now being operated. The Company also utilizes ocean-going and inland waterway barges in the transportation of bulk cement.

**Sales.** The Company sells cement on a wholesale basis. Its customers include readymix concrete producers, building materials dealers, manufacturers of concrete products, public utilities, state and Federal agencies and railroads, and contractors performing work for such utilities, government agencies and railroads. Sales are diversified among approximately 2,000 customers. While relatively large individual commitments

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are made for furnishing cement to major projects, such as dams, irrigation projects, bridges, tunnels, military installations, housing projects and industrial construction, no single job or project normally takes as much as 3% of the Company's total capacity in any one year.

The Company markets a full line of gypsum and insulating products in the thirteen Western States and Texas. Salesmen handling the full line of both gypsum and insulating products cover more than 1,200 wholesalers, principally building materials dealers, no one of which accounts for more than 4% of sales.

The weight and bulk of cement in many cases limits the competitive marketing area of cement plants to several hundred miles from the mill or shipping terminal when only land transportation is available. The Company's marketing area is substantially larger because of the availability of water transportation and the strategic location of its distribution facilities. Storage and distribution facilities are located at each of the cement manufacturing plants. The Company also maintains other storage and packing facilities (three of which are under construction) at fourteen locations having capacities suitable to the areas served.

Net sales of the principal products of the Company for the periods indicated have been as follows:

Fiscal Periods	Thousands of Dollars		
	Cement	Gypsum Products	Insulating Board Products
1951	\$20,578	—	—
1952	23,137	\$ 4,034	—
1953	23,489	8,691	—
1954	26,443	10,851	—
1955	27,799	12,217	—
1956	26,644	13,012	\$ 625
1957	30,371	13,507	3,762
1958	38,443	17,664	5,394
1959	41,737	22,236	6,116
1960	42,125	19,783	5,289
Nine months ended September 30, 1960	32,036	15,297	4,077
Nine months ended September 30, 1961	32,913	15,235	4,818

**Competition.** The manufacture and sale of cement, gypsum and insulating board are highly competitive and in all of the Company's marketing areas there are other large producers.

In Southern California there are four other cement producers operating six plants. The Company's Cushenbury plant presently constitutes about 9% of the total production capacity of this area. In the Northern California market there are three other cement producers operating five plants. The Company's Permanente plant constitutes approximately 42% of the total production capacity of this area.

In the Pacific Northwest (Oregon, Washington and British Columbia) there are six other cement producers operating ten plants and there are a number of cement distribution facilities from which substantial quantities of cement produced outside the area can be distributed. The Company's Olympic plant constitutes approximately 13% of the total production capacity in this area.

In Montana, where the Company proposes to construct a 1,400,000-barrel annual capacity cement plant, there is another existing cement plant of equal capacity. The Company expects to furnish over a four-year period beginning in 1962 approximately 1,300,000 barrels of cement to a contractor on a large construction project in Montana, a substantial portion of which will be produced by the projected Montana plant.

In 1960, two cement plants were constructed in Hawaii. The Company completed and commenced operation of its Waianae plant which has an annual capacity of 1,700,000 barrels of cement, and another producer completed and put into operation a 1,000,000-barrel capacity plant. The present annual cement consumption

in Hawaii is about 1,200,000 barrels. Prior to 1960, cement sold by the Company in Hawaii was produced at its Permanente plant.

Total shipments of gypsum products in 1960 into the Company's marketing area are estimated to have been about 1.9 billion square feet (surface area), of which the Company supplied approximately 30%. The Company supplied about 15% of the estimated total sales of insulating board products in the thirteen Western states.

**Product Development.** For many years, the Company has carried on a program of experimentation and research, devoted primarily to the development of products for new applications, new uses for established products, improvement of present products and cost reductions by means of process improvement, automation, mix chemistry and operation simplification. Laboratories engaged in cement and concrete research and testing are located at Permanente, California. Gypsum development activities are conducted in a laboratory located in the Antioch plant which carries out all phases of product testing and new product development. In addition, process control and product analysis laboratories are maintained at all of the Company's plants.

**Employee Relations.** At September 30, 1961, the Company had approximately 2,800 employees, of whom approximately 1,900 were hourly rated and represented for collective bargaining purposes by various labor organizations. Relations of the Company with its employees have been generally harmonious. Collective bargaining agreements with unions, substantially similar to contracts to which others engaged in the same businesses are parties, cover wages, hours and working conditions and, in most cases, provide for certain hospital, surgical, group life insurance, accident, sickness, pension and supplemental unemployment benefits. The terms of most of these collective bargaining agreements extend to various dates in 1962 and 1963.

The Company has had in effect for many years a contributory insured Savings and Retirement Plan for certain salaried employees. In addition, for these employees the Company has a contributory Supplemental Savings and Retirement Fund, which is a type of profit-sharing plan intended to supplement retirement income. The Plan and the Fund have been qualified as non-discriminatory under the Internal Revenue Code. Also available to salaried employees are group life insurance and various hospital, surgical and medical insurance plans. Supplementary unemployment benefits are provided for certain salaried employees.

#### PENDING LEGAL PROCEEDINGS

On June 23, 1960, the Company was served with a complaint by the Federal Trade Commission in which it is charged that acquisition by the Company of the Olympic cement plant at Bellingham, Washington and the acquisition by a wholly-owned subsidiary of a sand, gravel and readymix concrete business in Portland, Oregon constitute violations of Section 7 of the Clayton Act. The charging allegations of the complaint have been denied by the Company and hearings before the Federal Trade Commission are now in progress. The Company is vigorously defending these acquisitions and intends to continue to do so. One of the remedies available to the Government under the Clayton Act is divestiture and, should the Government ultimately prevail, sale of the assets acquired might be ordered. The Olympic cement plant is described under "Business and Properties" elsewhere in this Prospectus.

There are pending other legal proceedings incident to the Company's business which are deemed to be not material in relation to the enterprise represented by the Company and its subsidiaries.

#### DESCRIPTION OF CAPITAL STOCKS

The following statements describe certain provisions contained in the statutes of California, in the Company's Articles of Incorporation, in the Certificate of Determination of Preferences with respect to the Convertible Preferred Stock offered hereby, and expected to be in the Note Agreement with respect to the proposed

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20-year Notes. For the purposes of this part of the Prospectus, the Preferred Stock as a class is referred to as the "Preferred Stock" and the shares covered hereby are referred to as the "Convertible Preferred Stock".

**Rank and Series of the Preferred Stock.** The Preferred Stock of the Company ranks senior to the Common Stock with respect to dividends and assets, and is issuable from time to time in one or more series of equal rank, with such serial designations, dividend rates, redemption prices, sinking fund provisions, if any, voluntary liquidation preferences, conversion rights, additional voting rights and other preferences and special rights as the Board of Directors may determine in the Certificate of Determination of Preferences.

**Redemption and Liquidation Rights.** Upon any involuntary liquidation or dissolution of the Company, holders of the Preferred Stock are entitled to receive \$50 per share and upon any voluntary liquidation or dissolution each series thereof is entitled to receive an amount equal to the redemption price for such series applicable at the time as fixed in the Certificate of Determination of Preferences with respect to such series, in each case together with the amount of any accrued and unpaid dividends, and before any distribution to the holders of Common Stock. The redemption prices for the Convertible Preferred Stock are set forth on the cover page of this Prospectus. After satisfaction of the aforesaid preferential rights of the Preferred Stock, holders of the Common Stock are entitled to receive pro rata all remaining assets available for distribution to stockholders.

**Dividend Rights.** The holders of the Convertible Preferred Stock in preference to the holders of the Common Stock, but subject to limitations referred to below, are entitled to receive annual cash dividends at the rate set forth on the cover page of this Prospectus as and when declared by the Board of Directors out of funds legally available therefor, payable quarterly on the last days of January, April, July and October in each year, cumulative from the date of initial issuance.

**Dividend Restrictions.** No dividend may be declared on any series of the Preferred Stock for any quarterly dividend period unless at the same time a like proportionate dividend for the same period, ratably according to the respective dividend rates, is declared on all outstanding series of the Preferred Stock.

So long as any shares of the Preferred Stock are outstanding, no dividend or other distribution (except payable in junior stock) may be declared or made on the Common Stock, nor may the Common Stock be purchased, redeemed or otherwise acquired for value (except through application of the proceeds of sale of other junior stock), unless all current and past dividends on the Preferred Stock have been paid or set apart for payment, and unless the Company is not in default under a sinking fund, if any, for any series of the Preferred Stock.

So long as any shares of the Convertible Preferred Stock are outstanding, no cash dividend or other distribution out of earned surplus may be declared or made on the Common Stock, unless, after giving effect thereto, all dividends or distributions of any kind (other than dividends in capital stock) on capital stock subsequent to December 31, 1961, plus the excess, if any, of amounts applied to acquire shares of junior stock after such date over amounts received for junior stock sold after such date, would not exceed \$10,000,000 plus consolidated net income (as defined) after such date.

The Note Agreement under which the 20-year Notes are proposed to be issued is expected to provide that the Company may not pay any dividend or make any distribution (except stock dividends) on the Common Stock, or purchase, redeem or otherwise acquire, any of its capital stock (except for sinking or purchase fund purposes) unless thereafter the aggregate amount of all such dividends and distributions on all capital stocks subsequent to December 31, 1961 plus all purchases, redemptions or other acquisitions of capital stock subsequent to December 31, 1961, would not be in excess of \$5,000,000 plus all additions (other than by revaluation of assets) to the consolidated capital and surplus accounts of the Company subsequent to December 31, 1961.

The agreement under which the present bank loans are outstanding provides that the Company may not pay dividends on or purchase or otherwise acquire shares of its Common Stock unless thereafter the total consolidated shareowners' equity would be not less than \$41,000,000 or consolidated net current assets would be not less than \$7,500,000. At June 30, 1961, retained earnings in the amount of \$5,182,215 were free from the more restrictive of these provisions.

**Conversion Rights.** The shares of the Convertible Preferred Stock are convertible at the option of the holders at any time into Common Stock on the bases stated on the cover page hereof. The conversion prices are subject to adjustment in certain events, including the issuance of Common Stock for a consideration less than the conversion price at the time in effect and the payment of dividends on the Common Stock other than in cash out of earned surplus. No conversion price adjustment will be made upon the issuance of up to 141,010 shares of Common Stock (subject to adjustment) under employees' restricted stock option plans, or in the event of payment of any Common Stock dividend of not more than 1% of the total number of shares of Common Stock, or until cumulative adjustments amount to 50 cents (subject to adjustment) per share. The conversion prices may also be increased or decreased if the amount of outstanding Common Stock is decreased through combinations or is increased through subdivisions or the payment of any Common Stock dividend in excess of 1% of the Common Stock. Upon conversion, no adjustment will be made for dividends, and fractions of shares will not be issued. In lieu of such fractions, non-dividend-bearing and non-voting scrip certificates in bearer form will be issued, or the Company at its option may pay the market value of any such fraction in cash. The right to convert any shares called for redemption will terminate at the close of business on the day prior to the redemption date.

**Voting Rights.** In the event of failure to pay six quarterly dividends on outstanding shares of the Preferred Stock, the holders of the Preferred Stock, voting separately as a class, will be entitled to elect two directors until all dividends in default are paid or provided for. The total number of Directors may be increased without any consent of the holders of the Preferred Stock. Subject to the foregoing and to the special rights referred to below and except as provided by statute, the holders of the Common Stock have the exclusive right to vote for the election of directors and for all other purposes.

**Special Rights of the Preferred Stock.** By the Articles of Incorporation, the consent of at least two-thirds of the outstanding Preferred Stock is necessary to effect or validate (i) any amendment, alteration or repeal of any of the provisions of the Articles of Incorporation, or of the By-Laws, which affects adversely the voting powers, rights or preferences of the holders of the Preferred Stock or (ii) the authorization or increase in the authorized amount of any stock ranking prior to the Preferred Stock. The consent of a majority of the Preferred Stock is necessary to effect or validate (i) the increase in the authorized number of shares of the Preferred Stock or (ii) the authorization or increase in the authorized amount of any stock ranking on a parity with the Preferred Stock.

**Certain California Statutory Provisions.** Certain provisions of the California statutes presently provide that the vote of the holders of at least two-thirds of the outstanding shares of each class of capital stock is required to effect the merger or consolidation of the Company with or into any other corporation other than the merger of a wholly-owned subsidiary into the Company. These statutes also presently provide for cumulative voting at all elections of directors.

**Preemptive Rights.** No holder of stock of the Company has any preemptive or other rights to subscribe for any stock of the Company, and the Board of Directors is authorized, without offering the same to the holders of any stock of the Company, to issue and dispose of any such stock to such persons and upon such terms as it may deem advisable.

**Fully Paid and Non-Assessable.** The Convertible Preferred Stock when issued and sold as set forth herein and the Common Stock issued upon conversion thereof will be fully paid and non-assessable.



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**Transfer Agents and Registrars.** The transfer agents for the Convertible Preferred Stock are Bank of America National Trust and Savings Association, San Francisco, and Bankers Trust Company, New York, and the registrars are Wells Fargo Bank American Trust Company, San Francisco, and The Chase Manhattan Bank, New York. The transfer agents for the Common Stock are Bank of America National Trust and Savings Association, San Francisco, and The First National City Bank of New York, New York, and the registrars are United California Bank, San Francisco, and Manufacturers Hanover Trust Company, New York.

#### SHAREHOLDERS

The following table sets forth certain data relative to ownership of shares of the Common Stock of the Company as September 30, 1961.

	Type of Ownership	Number of Shares	Percent
Kaiser Industries Corporation.....	Record and Beneficial	527,021	38.98
and its wholly-owned subsidiary, Henry J. Kaiser Company.....	Record and Beneficial	1,701,992	
300 Lakeside Drive, Oakland, California			
J. F. Shea Investment Co.....	Record and Beneficial	648,618	11.34
2801 West Mission Road, Alhambra, California			
All directors and officers of the Company as a group <sup>①</sup> .....	Beneficial	170,357	2.98

① Does not include shares owned of record and beneficially by Kaiser Industries Corporation, Henry J. Kaiser Company, J. F. Shea Investment Co., or Morrison-Knudsen Company, Inc., shares of which are owned by some of the directors or officers of the Company.

At September 30, 1961, the directors and officers of the Company as a group were the direct and indirect beneficial owners of an aggregate of 5,427,698 shares of the Common Stock (23.7%) and 8,853 shares of the Preferred Stock (1.7%), and were holders of restricted stock options covering 103,430 shares of the Common Stock, of Kaiser Industries Corporation.

As indicated on the cover page of this Prospectus, Henry J. Kaiser Company will purchase ..... shares (.....%) of the Convertible Preferred Stock covered hereby.

#### MANAGEMENT

The directors and executive officers of the Company are as follows:

Name	Office	Name	Office
Henry J. Kaiser.....	Director and Founder Chairman of the Board	H. W. Morrison.....	Director (Chairman of the Board, Morrison-Knudsen Company, Inc.)
Edgar F. Kaiser.....	Director and Chairman of the Board	Gilbert J. Shea.....	Director (President, J. F. Shea Investment Co.)
E. E. Trefethen, Jr.....	Director and Vice Chairman of the Board	Peter S. Hass.....	Executive Vice President
Wallace A. Marsh.....	Director and President	James K. Beatty.....	Vice President—Sales
William Marks.....	Director, Vice President and Secretary	John M. Garoutte.....	Vice President—Operations
Allen D. Christensen.....	Director	Claude E. Harper.....	Vice President
Edward H. Heller.....	Director (Partner, Schwabacher & Co.)	William P. Jackson.....	Vice President
		Carl R. Olson.....	Vice President
		Kenneth A. Cunningham.....	Treasurer
		Ronald G. Hohnsbeen.....	Controller



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All of the executive officers have been employed by the Company during the last five years. Messrs. Henry J. Kaiser, Edgar F. Kaiser, Trefethen, Marks and Olson devote a portion of their time to other enterprises with which the Company is affiliated.

**Remuneration.** During the year ended December 31, 1960, the Company and its subsidiaries paid to each director, and each of its three highest paid officers, whose aggregate remuneration from the Company exceeded \$30,000, and all directors and officers as a group, the amounts shown in the following table. The Company also contributes to retirement plans which will provide estimated annual benefits as indicated in the table.

Name of Individual or Identity of Group	Capacities in Which Remuneration Was Received	Aggregate Remuneration	Estimated Annual Benefits Upon Retirement <sup>①</sup>
Wallace A. Marsh	President <sup>②</sup>	\$130,000	\$21,816
Peter S. Hass	Executive Vice President	48,704	8,213
John M. Garoutte	Vice President—Operations	50,000	8,640
All directors and officers as a group		366,634	

① The estimated annual benefits are based upon assumptions that the current Savings and Retirement Plan continues in effect, that the participant continues to be employed at his present rate of salary and continues contributions to the Plan, and that the participant retires at the age of 65. In addition to the amounts listed in the above table, the following cumulative amounts have been set aside by the Company pursuant to a contributory Supplemental Savings and Retirement Fund in respect of each of the persons in the order named: \$23,437, \$8,472, \$10,344. After five years participation in the Fund, each participant has a full vested interest in the amounts accrued to his account in the Fund, including amounts set aside by the Company, and is entitled to receive such amounts (either in a lump sum or over a period of years at the election of the administrative committee) upon retirement, earlier termination of employment or election to withdraw from the Fund.

② Mr. Marsh, also a director, received no remuneration for his services as director.

During each of the last several years the Company has paid to such officers and employees as may be designated by a committee of the Board of Directors adjusted compensation in addition to their regular salaries. These arrangements have not been reduced to any formal document and the aggregate amount paid for any particular year or to any particular participant is within the discretion of the Board of Directors. The amounts of remuneration shown in the above table include adjusted compensation so determined and paid.

**Restricted Stock Option Plans.** Pursuant to the terms of Restricted Stock Option Plans, the Company has granted to certain key employees and officers options to purchase shares of its Common Stock. Options granted under the Plans are "restricted stock options" as defined in Section 421 of the Internal Revenue Code of 1954.

The Plans provide that the term of an option may not be more than ten years from the date of granting thereof. During the optionee's lifetime, the option may be exercised only by the optionee, but upon his death the option may be transferred by will or by operation of the laws of descent and distribution. In consideration of the granting of an option to him, the optionee agrees to remain in the employ of the Company or its subsidiaries for a period of at least two years from the date the option is granted. The option price per share may not be less than an amount equal to the next multiple of 25¢ above 85% of the fair market value of the Common Stock covered by the option at the date when the option is granted. All options granted have been at a price equal to the next multiple of 25¢ above 95% of such fair market value. The current Plan expires on December 31, 1961. At September 30, 1961 there remained 72,930 shares with respect to which options had not been granted. The Company expects that options with respect to 62,350 shares will be granted within the near future.

On September 30, 1961, there were outstanding options for the purchase of 4,050 shares at a price of \$6 per share expiring on July 14, 1963; options for the purchase of 14,480 shares at a price of \$14.13 expiring

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on April 26, 1965; options for the purchase of 23,300 shares at a price of \$19.25 expiring on July 14, 1968; and options for the purchase of 26,250 shares at a price of \$22.25 expiring on April 4, 1970.

Information with respect to outstanding options held by the directors and officers listed above under the caption "Remuneration" and for all directors and officers as a group is set forth below:

Name of Individual or Identity as a Group	Number of Shares	Option Price	Expiration Date of Option
Wallace A. Marsh.....	3,000	\$19.25	July 14, 1968
	3,000	22.25	April 4, 1970
Peter S. Hass.....	500	19.25	July 14, 1968
	1,000	22.25	April 4, 1970
John M. Garoutte.....	1,420	14.13	April 26, 1965
	500	19.25	July 14, 1968
	1,000	22.25	April 4, 1970
All officers and directors as a group.....	7,920	14.13	April 26, 1965
	11,050	19.25	July 14, 1968
	12,800	22.25	April 4, 1970

The bid and asked prices of the Common Stock as of a recent date are shown under "Dividends and Market Prices." See Note F to Financial Statements for certain additional information with respect to the Restricted Stock Option Plans.

**Certain Transactions With Others.** Information with respect to transactions between the Company and certain affiliated companies is set forth below. In all instances the information relates to the three year and six-month period ended June 30, 1961, unless otherwise indicated, and includes subsidiaries of the Company wherever such inclusion is appropriate.

Under a master agreement, Henry J. Kaiser Company furnishes to the Company certain engineering and other services on a continuing basis and contracts are entered into for particular projects. Henry J. Kaiser Company designed and constructed or supervised the construction of the major portion of the Company's facility additions and portions of such construction work have been performed under subcontracts between Henry J. Kaiser Company and certain of its subsidiaries. It is expected that Henry J. Kaiser Company will perform similar services with respect to the proposed expansion described under "Expansion and Construction Program". The amounts paid by the Company under such master agreement and contracts aggregated approximately \$12,700,000, of which \$12,445,000 was paid for engineering and construction on cost reimbursement or payment in lieu of cost bases, and \$234,800 as engineering and construction management fees, largely for work completed prior to 1960. The Company has made advances to Henry J. Kaiser Company (on which no interest is charged) for the purpose of financing engineering and construction work for the Company. The largest advance outstanding during the above period was \$225,000 and the amount outstanding at September 30, 1961 was \$30,000.

Executive, administrative and office services used in common by the Company and certain affiliated companies are administered on a non-profit basis through Kaiser Services. The Company owns 13.02% of the stock of Kaiser Services and the balance is owned by affiliated companies which participate in those services. Costs not specifically attributable to any particular participant are prorated semi-annually among all participants according to formulae developed by a firm of independent certified public accountants and approved by each participant. Under these arrangements, the Company paid to Kaiser Services an aggregate of \$1,268,000 during the above stated period and the monthly payment for the six-month period ending December 31, 1961 is \$44,070. The compensation of, and the cost of providing retirement benefits for, the officers of the Company who devoted portions of their time to the affairs of all such participants was paid directly by the participants

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and taken into account in arriving at the prorations. In addition, each participant was billed currently on a cost basis for such items as long distance telephone and telegraph charges, office space rental, travel and transportation costs, printing, and machine accounting service, and the Company paid Kaiser Services an aggregate of approximately \$1,249,000 therefor. The Company has advanced sums to Kaiser Services on interest-bearing notes. Notes in the aggregate amount of \$33,840 were outstanding at September 30, 1961.

The Company has made advances to and investments in Kaiser Center, Inc. which at September 30, 1961 aggregated \$1,152,855 represented by capital stock (\$800,000), non-interest-bearing notes (\$290,955) and a 4% note (\$61,900). Kaiser Center, Inc. is a corporation which owns and operates an office building in Oakland, California, and its stock is owned by the Company (10%) and affiliated companies (90%). The Company and affiliated companies lease space in the building under long-term leases. The rental for the Company is \$371,185 a year, and the Company pays a portion (based on leased space) of net operating expenses of the office building and certain related facilities. Occupancy commenced early in 1960 and the total amount paid by the Company was \$894,752 through September 30, 1961.

The Company had transactions with companies which may be considered to be affiliates, including Kaiser Aluminum & Chemical Corporation, Kaiser Steel Corporation, Kaiser Metal Products Co., Henry J. Kaiser Company, Kaiser Industries Corporation and Underwriters Services, Inc., and subsidiaries of certain of such corporations. These transactions involved the sale and purchase of property and products, the rental of office space, the payment of insurance premiums, and the furnishing of incidental operating requirements. The aggregate amount involved was approximately \$12,308,000 of which approximately \$9,594,000 represented property and products purchased and sold in the normal course of business on terms similar to those prevailing for other customers.

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ACCOUNTANTS' REPORT

BOARD OF DIRECTORS,  
PERMANENTE CEMENT COMPANY,  
Oakland, California.

We have examined the accompanying balance sheet of Permanente Cement Company and consolidated balance sheet of Permanente Cement Company and subsidiaries as of June 30, 1961, the related statements of net earnings, retained earnings, and additional paid-in capital for the three years and six months then ended, and, in addition, the consolidated statements of net earnings for the eleven month fiscal period ended December 31, 1957, and the year ended January 31, 1957. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of Permanente Cement Company and the consolidated financial position of Permanente Cement Company and subsidiaries at June 30, 1961, and the results of their respective operations for the periods stated, all in conformity with generally accepted accounting principles applied on a consistent basis.

TOUCHE, ROSS, BAILEY & SMART  
Certified Public Accountants

San Francisco, California,  
August 31, 1961

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PERMANENTE CEMENT COMPANY AND SUBSIDIARIES  
and  
PERMANENTE CEMENT COMPANY

BALANCE SHEETS

June 30, 1961

Assets	Permanente Cement Company and Subsidiaries	Permanente Cement Company
<b>CURRENT ASSETS:</b>		
Cash.....	\$ 3,313,359	\$ 1,862,474
Trade accounts receivable, less allowances of \$454,835 and \$220,507 for discounts and doubtful accounts.....	14,423,343	7,145,556
Inventories—at lower of cost (first-in, first-out method) or market (Note B):		
Finished products.....	\$ 3,409,023	\$ 2,126,855
Work in process and raw materials.....	2,843,530	1,267,606
Repair parts and supplies.....	2,849,391	2,082,470
	\$ 9,101,944	\$ 5,476,931
Prepaid insurance, taxes, and other expenses.....	1,771,385	1,037,466
Due from subsidiaries consolidated.....	—	476,824
<b>TOTAL CURRENT ASSETS.....</b>	<b>\$ 28,610,031</b>	<b>\$15,999,251</b>
<b>INVESTMENTS AND OTHER ASSETS—at cost:</b>		
Investments in and advances (\$386,695) to affiliated companies:		
Subsidiaries consolidated (100% owned).....		\$ 3,170,000
Other affiliated companies.....	\$ 1,269,695	1,269,695
	\$ 1,269,695	\$ 4,439,695
Other assets.....	311,392	162,176
	\$ 1,581,087	\$ 4,601,871
<b>PROPERTY, PLANT, AND EQUIPMENT—at cost, less accumulated depreciation, depletion, and amortization (Note C):</b>		
Land, timber, and quarries.....	\$ 6,175,927	\$ 2,782,770
Buildings and improvements.....	35,382,110	24,128,365
Machinery and equipment.....	54,847,774	38,285,045
Steamships.....	10,435,317	—
Construction in progress.....	1,328,732	889,746
	\$108,169,860	\$66,085,926
Less accumulated depreciation, depletion, and amortization.....	40,222,081	25,792,510
	\$ 67,947,779	\$40,293,416
	<u>\$ 98,138,897</u>	<u>\$60,894,538</u>

See notes to financial statements.

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PERMANENTE CEMENT COMPANY AND SUBSIDIARIES  
and  
PERMANENTE CEMENT COMPANY

BALANCE SHEETS

June 30, 1961

Liabilities and Share Owners' Equity	Permanente Cement Company and Subsidiaries	Permanente Cement Company
<b>CURRENT LIABILITIES:</b>		
Trade accounts payable.....	\$ 4,419,111	\$ 2,342,521
Salaries and wages and amounts withheld from employees.....	873,323	547,281
Payroll, property, and excise taxes.....	1,655,657	1,085,747
Interest on long-term debt.....	370,799	118,322
Other accrued liabilities.....	506,958	391,202
Federal and foreign taxes on income (Note D).....	2,213,618	1,920,944
Dividend payable July 31, 1961.....	1,000,850	1,000,850
Installments due within one year on notes payable to banks (Note E).....	4,887,500	1,625,000
Due to subsidiaries consolidated.....	—	3,346,987
<b>TOTAL CURRENT LIABILITIES.....</b>	<b>\$ 15,927,816</b>	<b>\$12,378,854</b>
NOTES PAYABLE TO BANKS—less installments classified as current liabilities (Note E).....	35,663,750	16,957,500
<b>SHARE OWNERS' EQUITY:</b>		
Common Stock—par value \$1.00 a share (Note F):		
Authorized 8,000,000 shares		
Issued and outstanding 5,719,142 shares.....	\$ 5,719,142	\$ 5,719,142
Additional paid-in capital.....	6,630,567	6,630,567
Retained earnings (after transfers of \$4,952,726 to Common Stock account) (Notes A and G).....	34,197,622	19,208,475
	<u>\$ 46,547,331</u>	<u>\$31,558,184</u>
<b>COMMITMENT (Note H)</b>		

\$ 98,138,897    \$60,894,538

See notes to financial statements.

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PERMANENTE CEMENT COMPANY AND SUBSIDIARIES  
and  
PERMANENTE CEMENT COMPANY

STATEMENTS OF RETAINED EARNINGS

	Six Months Ended June 30, 1961	1960	Year Ended December 31, 1959	1958
<b>CONSOLIDATED:</b>				
Balance at beginning of period (Note D).....	\$33,294,794	\$31,018,369	\$26,310,700	\$22,574,093
Net earnings for the period.....	2,904,384	6,278,731	8,709,657	7,820,658
	<u>\$36,199,178</u>	<u>\$37,297,100</u>	<u>\$35,020,357</u>	<u>\$30,394,751</u>
Cash dividends declared (\$.35, \$.70, \$.70, and \$.715 a share, respectively).....	2,001,556	4,002,306	4,001,988	4,084,051
Balance at end of period (Note G).....	<u>\$34,197,622</u>	<u>\$33,294,794</u>	<u>\$31,018,369</u>	<u>\$26,310,700</u>
<b>PARENT ONLY:</b>				
Balance at beginning of period (Note D).....	\$18,876,169	\$17,981,369	\$15,858,464	\$14,605,112
Net earnings for the period (Note J).....	2,333,862	4,864,671	5,626,610	5,337,403
Retained earnings (since acquisition date) of subsidiaries liqui- dated during the period.....	—	32,435	498,283	—
	<u>\$21,210,031</u>	<u>\$22,878,475</u>	<u>\$21,983,357</u>	<u>\$19,942,515</u>
Cash dividends declared.....	2,001,556	4,002,306	4,001,988	4,084,051
Balance at end of period (Note G).....	<u>\$19,208,475</u>	<u>\$18,876,169</u>	<u>\$17,981,369</u>	<u>\$15,858,464</u>

STATEMENTS OF ADDITIONAL PAID-IN CAPITAL

Balance at beginning of period.....	\$ 6,609,559	\$ 6,604,370	\$ 6,567,045	\$ 6,532,482
Excess of option prices over par value of Common Stock sold under restricted stock option plan (Note F).....	21,008	5,189	37,325	34,563
Balance at end of period.....	<u>\$ 6,630,567</u>	<u>\$ 6,609,559</u>	<u>\$ 6,604,370</u>	<u>\$ 6,567,045</u>

See notes to financial statements.

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PERMANENTE CEMENT COMPANY AND SUBSIDIARIES  
and  
PERMANENTE CEMENT COMPANY

NOTES TO FINANCIAL STATEMENTS

**NOTE A—Principles of Consolidation**

The assets and liabilities and operating accounts of the Company and all of its subsidiaries have been included in the accompanying consolidated financial statements. The accounts of foreign subsidiaries have been translated at appropriate U.S. dollar equivalents on a consistent basis throughout the periods.

All intercompany accounts, sales, revenues, and costs have been eliminated and no intercompany earnings have been included in inventories in the consolidated financial statements. The equity of the Company in the net assets of its subsidiaries as shown by their books at June 30, 1961, exceeded the cost of the Company's investment therein by \$15,021,883, which amount has been included in retained earnings upon consolidation. Net assets of foreign subsidiaries included in the consolidated financial statements amount to approximately \$5,380,000, including net current assets of \$225,000. Net earnings of the foreign subsidiaries since acquisition aggregate \$4,567,855. These earnings have been retained by the foreign subsidiaries for permanent reinvestment, and accordingly no provision has been made in consolidation for United States income tax which would be payable in the event the earnings were remitted to the parent company.

**NOTE B—Inventories and Cost of Products Sold**

The inventory amounts at the beginning and end of the periods were based upon physical determinations and have been stated at the lower of cost or market. Cost has been determined by the first-in, first-out method, and market represents the lower of replacement cost or estimated net realizable amount. Classification of inventories between raw materials and work in process is not meaningful. The amounts of inventories used in the determination of cost of products sold, as shown by the statements of net earnings, were as follows:

	Permanente Cement Company and Subsidiaries	Permanente Cement Company
January 1, 1958 .....	\$4,517,940	\$2,467,114
December 31, 1958 .....	4,134,666	1,689,005
December 31, 1959 .....	5,986,536	3,314,239
December 31, 1960 .....	5,893,475	3,362,353
June 30, 1961 .....	6,252,553	3,394,461

**NOTE C—Depreciation, Depletion, and Amortization Policies**

Costs of plant and equipment are being depreciated over the estimated average useful lives of the various classes of assets, or estimated life of quarry reserves, whichever is shorter. Depreciation is computed on accelerated depreciation methods for certain acquisitions subsequent to December 31, 1953, and on a straight line method for other assets. The principal depreciable lives used during the periods were as follows:

Cement plant buildings and improvements and machinery and equipment:	
Permanente, California .....	17 years from January 1, 1958
Other plants .....	20 and 25 years
Cement distribution facilities .....	15 to 35 years
Gypsum and fiberboard plants:	
Buildings and improvements .....	25 to 40 years
Machinery and equipment .....	15 to 25 years
Linehaul equipment .....	6 and 8 years
Automobiles .....	4 years
Office furniture and fixtures .....	10 and 16½ years
Steamships .....	20 and 25 years

## NOTES TO FINANCIAL STATEMENTS—(Continued)

Costs of quarries and gravel pits and timber are being depleted at rates determined by reference to estimated recoverable quantities.

Expenditures for normal maintenance and repairs have been charged against earnings. Expenditures for abnormal mill, kiln, and linchaul repairs and certain vessel repairs have been charged against provisions therefor (classified as current liabilities) which have been established by periodic charges against earnings. Expenditures for betterments and major renewals have been capitalized and are being amortized by depreciation charges.

Costs of assets sold, retired, or abandoned and the related amounts of accumulated depreciation have been eliminated from the accounts in the year of retirement and the resulting gain or loss has been reflected in the statements of net earnings.

**NOTE D—Federal Taxes on Income**

In 1950, the Congress of the United States enacted legislation, (1) amending the provisions of the Internal Revenue Code for years commencing subsequent to December 31, 1960, to provide that the calculation of percentage depletion by cement producers be based upon the value of the limestone immediately prior to the introduction into the kiln; and, (2) allowing cement producers to make an election to settle all open years through the year ended December 31, 1960, on the basis provided by the amendment.

The Company has made this election and has filed amended tax returns for 1959 and prior years. The accompanying financial statements reflect computation of percentage depletion on the basis of the election and recognize the effect of additional taxes of \$5,520,893 for 1959 and prior years which has been retroactively adjusted to the appropriate periods as detailed in Note C to the consolidated statements of net earnings appearing under "Summary of Consolidated Earnings" in this Prospectus.

**NOTE E—Notes Payable to Banks**

	Amount Outstanding under Bank Credit Agreement at June 30, 1961			
	Consolidated		Parent Only	
	Current Portion	Long-term Portion	Current Portion	Long-term Portion
4½%, maturing in semi-annual installments to July 31, 1965.....	\$3,312,500	\$11,593,750	\$ 625,000	\$ 2,187,500
4½%, final installment due December 31, 1961.....	575,000	—	—	—
5½%, maturing in semi-annual installments of \$500,000 to May 31, 1966, and final installment of \$1,070,000 on November 30, 1966.....	1,000,000	5,070,000	1,000,000	5,070,000
5½%, maturing in six semi-annual installments of \$2,000,000 commencing May 31, 1963, and installments of \$3,500,000 on May 31, 1966 and November 30, 1966.....	—	19,000,000	—	9,700,000
	<u>\$4,887,500</u>	<u>\$35,663,750</u>	<u>\$1,625,000</u>	<u>\$16,957,500</u>

The agreement relating to the above notes provides that the Company may borrow an additional \$2,800,000 at 5½% on or before August 31, 1961. (The Company borrowed the full amount in July and August, 1961.)

Notes evidencing borrowings by subsidiaries are endorsed and guaranteed by the Company. The Company is required under the agreement to maintain consolidated net current assets of \$7,500,000.

Aggregate maturities on the notes for the remainder of 1961, and annually thereafter (including maturities on \$2,800,000 borrowed after June 30) are:

	Consolidated	Parent Only
Six months ending December 31, 1961.....	\$2,731,250	\$ 812,500
1962 .....	4,312,500	1,625,000
1963, 1964, and 1965 .....	9,012,500	4,465,000
1966 .....	9,270,000	5,550,000

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NOTES TO FINANCIAL STATEMENTS—(Continued)

**NOTE F—Restricted Stock Option Plan**

At June 30, 1961, 141,010 shares of Common Stock were reserved for issuance to officers and employees under a restricted stock option plan, including 68,980 shares reserved for options outstanding at that date under four grants as follows:

Grant Dates	Number of Shares	Option Prices		Quoted Market Prices at Grant Dates	
		Per Share	Aggregate	Per Share	Aggregate
July 15, 1953.....	4,050	\$ 6.00	\$ 24,300	\$ 6.3125	\$ 25,566
April 27, 1955.....	14,480	14.13	204,602	14.75	213,580
July 15, 1958.....	24,200	19.25	465,850	20.25	490,050
April 5, 1960.....	26,250	22.25	584,063	23.25	610,313

The option prices represent 95% of the quoted market prices of the shares at the dates the options were granted (adjusted for subsequent stock splits as appropriate). Options are exercisable in whole or in part at any time after two years and prior to ten years from the respective grant dates.

Options for 24,200 shares at a price of \$19.25 a share became exercisable on July 15, 1960. The aggregate market price of the stock at that date amounted to \$485,850 (\$19.75 a share).

During the three years and six months ended June 30, 1961, options were exercised as follows:

	Number of Shares	Option Prices		Quoted Market Prices at Exercise Dates	
		Per Share	Aggregate	Per Share	Aggregate
Year ended December 31:					
1958 .....	2,880	\$ 6.00	\$37,443	\$19.38	\$67,485
		and 14.13		to 24.75	
1959 .....	3,400	6.00	40,725	26.75	95,780
		and 14.13		to 29.75	
1960 .....	550	6.00	5,739	23.75	13,250
		and 14.13		to 24.38	
Six months ended June 30, 1961.....	1,600	14.13	22,608	20.75	33,425
				to 21.00	

When options are exercised, the excess of option price over the par value of the shares issued is credited to additional paid-in capital.

**NOTE G—Restriction on Payment of Dividends**

The agreement relating to notes payable to banks provides, among other covenants, that while any amounts are outstanding thereunder, the Company will not pay dividends on its Common Stock (except dividends in Common Stock) or purchase shares of such stock if, after giving effect to such payments or purchases, total consolidated share owners' equity would be less than \$41,000,000 or consolidated net current assets would be less than \$7,500,000. At June 30, 1961, retained earnings in the amount of \$5,182,215 were free from the more restrictive of these provisions.

**NOTE H—Long-Term Lease Commitment**

The Company owns 10% of the stock of Kaiser Center, Inc. and has leased approximately 10% of the office space in the Kaiser Center office building until 1990 at a fixed annual rental of approximately \$375,000, plus a portion (based on leased space) of the expenses less income (as defined) of operating and maintaining the office building and related facilities.

**NOTE I—Retirement and Pension Plans**

Salaried employees of the Company and its domestic subsidiaries earning in excess of \$3,000 a year are eligible to participate in the insured contributory Savings and Retirement Plan at the expiration of 3 years of continuous service if not then over the age of 64 years and 6 months. Annual benefits to employees are stipulated in the Plan and vary in accordance with length of service and level of earnings of each employee.

## NOTES TO FINANCIAL STATEMENTS—(Continued)

Noncontributory pension plans with labor unions at certain of the plants of the Company and one of its subsidiaries provide for payment of pensions in varying amounts, to union employees with at least 15 years of service who have attained age 65. At June 30, 1961, the unfunded cost of past service benefits under the union plans amounts to approximately \$345,000 (\$333,000 applicable to the Company).

## NOTE J—Statements of Net Earnings—Parent Only

	Six Months Ended June 30, 1961	Year Ended December 31,		
		1960	1959	1958
		(000 Omitted)		
Net sales and operating revenues.....	\$20,993	\$43,239	\$43,428	\$40,253
Other income .....	211	323	186	552
	\$21,204	\$43,562	\$43,614	\$40,805
Costs and expenses:				
Cost of products sold and operating expenses*.....	\$11,994	\$25,443	\$25,239	\$24,179
Selling, administrative, and general expenses*.....	2,700	5,512	4,298	3,457
Depreciation and depletion of property, plant and equipment .....	1,897	3,290	2,844	2,537
Retirement and pension plan costs.....	201	387	354	282
Interest on long-term debt.....	441	559	515	370
Miscellaneous .....	47	23	73	373
	\$17,280	\$35,214	\$33,323	\$31,198
EARNINGS BEFORE TAXES ON INCOME.....	\$ 3,924	\$ 8,348	\$10,291	\$ 9,607
Federal and foreign taxes on income①.....	1,590	3,483	4,664	4,269
NET EARNINGS②	\$ 2,334	\$ 4,865	\$ 5,627	\$ 5,338

\*Excludes depreciation and depletion.

① See Note ① to the consolidated statements of net earnings appearing under "Summary of Consolidated Earnings" in this Prospectus for information relating to additional federal taxes on income retroactively allocated to the years 1958 and 1959.

② Results of operations for the six months ended June 30, 1961 are not necessarily indicative of results for the full year.

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## NOTES TO FINANCIAL STATEMENTS—(Continued)

NOTE K—Supplementary Profit and Loss Information CONSOLIDATED:	Charged Directly to Profit and Loss		Total
	To Cost of Goods Sold or Operating Expenses	Other	
Six months ended June 30, 1961:			
Maintenance and repairs <sup>①</sup> .....	\$3,426,564	\$ 16,292	\$3,442,856
Depreciation and depletion of property, plant, and equipment.....	2,938,893	151,669	3,090,562
Payroll taxes.....	366,470	91,377	457,847
Real and personal property taxes.....	583,999	10,603	594,602
State franchise and income taxes.....	—	184,819	184,819
Other taxes.....	58,435	131,294	189,729
Management and service contract fees <sup>②</sup> .....	—	226,786	226,786
Rents.....	109,113	260,235	369,349
Royalties.....	36,144	—	36,144
Year ended December 31, 1960:			
Maintenance and repairs <sup>①</sup> .....	\$6,904,452	\$ 52,626	\$6,957,078
Depreciation and depletion of property, plant, and equipment.....	5,403,678	264,286	5,667,964
Payroll taxes.....	578,355	131,930	710,285
Real and personal property taxes.....	1,012,777	20,417	1,033,194
State franchise and income taxes.....	—	620,729	620,729
Other taxes.....	165,204	349,597	514,801
Management and service contract fees <sup>②</sup> .....	—	478,600	478,600
Rents.....	143,908	537,478	681,386
Royalties.....	46,642	—	46,642
Year ended December 31, 1959:			
Maintenance and repairs <sup>①</sup> .....	\$7,109,281	\$ 15,449	\$7,124,730
Depreciation and depletion of property, plant, and equipment.....	5,026,607	187,519	5,214,126
Payroll taxes.....	492,446	101,693	594,139
Real and personal property taxes.....	1,003,716	7,128	1,010,844
State franchise and income taxes.....	—	422,481	422,481
Other taxes.....	208,123	254,827	462,950
Management and service contract fees <sup>②</sup> .....	4,554	348,607	353,161
Rents.....	395,165	175,077	570,242
Royalties.....	48,535	—	48,535
Year ended December 31, 1958:			
Maintenance and repairs <sup>①</sup> .....	\$5,343,877	\$ 23,732	\$5,367,609
Depreciation and depletion of property, plant, and equipment.....	4,726,521	144,445	4,870,966
Payroll taxes.....	308,974	54,947	363,921
Real and personal property taxes.....	871,340	5,517	876,857
State franchise and income taxes.....	—	386,934	386,934
Other taxes.....	145,400	122,018	267,418
Management and service contract fees <sup>②</sup> .....	—	332,300	332,300
Rents.....	77,969	111,224	189,193
Royalties.....	19,510	—	19,510

① Additions to the reserves for abnormal mill, kiln, and linehaul repairs and drydocking and vessel repairs have been included in the amount stated for maintenance and repairs charged to cost of goods sold or operating expense.

② Principally payments to affiliated companies.

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## NOTES TO FINANCIAL STATEMENTS—(Continued)

	Charged Directly to	
	To Cost of Goods Sold or Operating Expenses	Profit and Loss
PARENT ONLY:		
Six months ended June 30, 1961:		
Maintenance and repairs <sup>①</sup>	\$2,298,051	\$ 5,807
Depreciation and depletion of property, plant, and equipment	1,823,030	73,785
Payroll taxes	186,388	53,395
Real and personal property taxes	365,379	—
State franchise and income taxes	—	163,023
Other taxes	6,282	38,368
Management and service contract fees <sup>②</sup>	—	135,431
Rents	29,743	144,333
		Total
		\$2,303,858
		1,896,815
		239,783
		365,379
		163,023
		44,650
		135,431
		174,076
Year ended December 31, 1960:		
Maintenance and repairs <sup>①</sup>	\$4,488,765	\$ 32,072
Depreciation and depletion of property, plant, and equipment	3,167,206	103,350
Payroll taxes	271,514	65,265
Real and personal property taxes	657,959	—
State franchise and income taxes	—	479,699
Other taxes	12,399	223,967
Management and service contract fees <sup>②</sup>	—	257,274
Rents	38,334	339,403
		Total
		\$4,520,837
		3,290,556
		336,779
		657,959
		479,699
		236,366
		257,274
		377,737
Year ended December 31, 1959:		
Maintenance and repairs <sup>①</sup>	\$4,271,283	\$ 7,411
Depreciation and depletion of property, plant, and equipment	2,761,548	82,895
Payroll taxes	204,518	54,365
Real and personal property taxes	564,050	—
State franchise and income taxes	—	311,766
Other taxes	40,722	113,788
Management and service contract fees <sup>②</sup>	—	199,632
Rents	72,682	112,362
		Total
		\$4,278,694
		2,844,443
		258,883
		564,050
		311,766
		154,510
		199,632
		185,044
Year ended December 31, 1958:		
Maintenance and repairs <sup>①</sup>	\$3,447,937	\$ 15,628
Depreciation and depletion of property, plant, and equipment	2,468,804	68,146
Payroll taxes	124,510	22,902
Real and personal property taxes	480,513	3,012
State franchise and income taxes	—	325,842
Other taxes	42,836	43,054
Management and service contract fees <sup>②</sup>	—	109,132
Rents	20,170	70,142
		Total
		\$3,463,565
		2,536,950
		147,412
		483,525
		325,842
		85,890
		109,132
		90,312

① Additions to the reserves for abnormal mill, kiln, and linehaul repairs and drydocking and vessel repairs have been included in the amount stated for maintenance and repairs charged to cost of goods sold or operating expense.

② Principally payments to affiliated companies.

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# UNDERWRITING

The Underwriters named below have severally agreed to purchase from the Company, in the following respective amounts, an aggregate of ..... shares (out of a total issue of 365,000 shares) of the Convertible Preferred Stock.

Underwriter	Number of Shares to Be Purchased	Underwriter	Number of Shares to Be Purchased
Dean Witter & Co.....			
The First Boston Corporation.....			

TOTAL .....

The Underwriting Agreement provides that the obligations of the Underwriters are subject to certain conditions precedent, and that the Underwriters will not be obligated to purchase any of the shares unless all ..... shares are purchased.

The Company has been advised by Dean Witter & Co. and The First Boston Corporation, as Representatives of the Underwriters, that the Underwriters propose to offer the Convertible Preferred Stock offered hereby to the public initially at the offering price set forth on the cover page of this Prospectus and to certain dealers at such price less a concession of \$..... per share; that the Underwriters and such dealers may allow a discount of ....¢ per share on sales to other dealers; and that the public offering price and concessions and discounts to dealers may be changed by the Representatives.

## LEGAL OPINIONS

Legal matters in connection with the sale of the Convertible Preferred Stock offered hereby will be passed upon by Thelen, Marrin, Johnson & Bridges, One Eleven Sutter Street, San Francisco, counsel for the Company, and by Brobeck, Phleger & Harrison, One Eleven Sutter Street, San Francisco, counsel for the Underwriters.

## EXPERTS

The financial statements, including the consolidated statements of net earnings, referred to in the opinion of Touche, Ross, Bailey & Smart, independent certified public accountants, have been included herein and in the Registration Statement in reliance upon the opinion of that firm and in reliance upon the authority of that firm as experts in accounting.

PERMANENTE CEMENT COMPANY

This Prospectus contains information concerning the Company and its securities, but does not contain all of the information set forth in the Registration Statement and the exhibits and schedules relating thereto which the Company has filed with the Securities and Exchange Commission, Washington 25, D. C., under the Securities Act of 1933, as amended and to which reference is hereby made.

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*No dealer, salesman or any other person has been authorized to give any information or to make any representations, other than those contained in this Prospectus, in connection with the offer contained in this Prospectus, and if given or made such information or representations must not be relied upon as having been authorized by the Company or the Underwriters. This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of these securities in any State to any person to whom it is unlawful to make such offer or solicitation in such State.*

The Company has agreed to make application to list the Convertible Preferred Stock and the Common Stock of the Company on the New York and Pacific Coast Stock Exchanges.

## PERMANENTE CEMENT COMPANY

365,000 Shares

....% Series,

Convertible Preferred Stock

(Cumulative—\$50 Par Value)

### PROSPECTUS

Dated ....., 1961



KG2005994

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**PART II**  
**INFORMATION NOT REQUIRED IN THE PROSPECTUS**

**ITEM 22. Marketing Arrangements.**

Reference is made to the last two paragraphs of Section 4 and to Sections 7 and 8 of the Agreement Among Underwriters, and to Section 2 of the Selling Agreement, filed as parts of Exhibit 1 to this Registration Statement.

**ITEM 23. Other Expenses of Issuance and Distribution.**

The following is an estimate of expenses, other than underwriting discounts and commissions, to be incurred by the Company in connection with the issuance and distribution of the securities being registered.

Item	Amount
1. Registration fee .....	\$ 1,898
2. Fees and expenses for qualifying securities for issuance in states in which offerings are to be made.....	
3. Fees of transfer agents and registrars.....	
4. Federal issue taxes.....	
5. Legal services .....	
6. Accounting services .....	
7. Printing .....	
8. Miscellaneous .....	
Total Estimated Expenses.....	\$

**ITEM 24. Relationship with Registrant of Experts Named in Registration Statement.**

None. Mr. Paul S. Marrin, a member of the firm of Thelen, Marrin, Johnson & Bridges, is a director of Kaiser Industries Corporation and a director and vice-president of Henry J. Kaiser Company.

**ITEM 25. Sales to Special Parties.**

None; but see cover page of, and "Shareholders" in, the Prospectus.

**ITEM 26. Recent Sales of Unregistered Securities.**

The following are all of the securities of the Company which have been sold by the Company within the past three years which were not registered under the Securities Act of 1933:

Between October 1, 1958 and September 30, 1961 the Company issued to banks its promissory notes evidencing borrowings in the aggregate amount of \$12,500,000. During the same period, subsidiaries of the Company issued promissory notes evidencing borrowings in the aggregate amount of \$9,300,000, which were guaranteed by the Company.

During that same period, officers and employees of the Company exercised options to purchase 6,490 shares of the Common Stock of the Company for an aggregate purchase price of \$82,355.

The foregoing sales of securities did not involve any public offering thereof, and such sales were therefore exempt under Section 4(1) of the Securities Act of 1933.

**ITEM 27. Subsidiaries of Registrant.**

Following is a list of subsidiaries of the Company:

Name	Place of Incorporation	Percentage of Voting Securities Owned
Permanente Cement Company <sup>①</sup> .....	California	100
Permanente Steamship Corporation <sup>②</sup> .....	Nevada	100
Permanente Trucking Company <sup>②</sup> .....	California	100
Glacier Sand & Gravel Company <sup>②</sup> .....	Washington	100
Kaiser Gypsum Company, Inc. <sup>②</sup> .....	Washington	100
Gypsum Carrier, Inc. <sup>②</sup> .....	Panama	100
Compania Occidental Mexicana <sup>②</sup> .....	Mexico	100
Pacific Gypsum Company <sup>②</sup> .....	Nevada	100

<sup>①</sup> Separate financial statements filed.

<sup>②</sup> Included in group financial statements.

<sup>③</sup> No financial statements filed. Not a significant subsidiary.

All of the foregoing subsidiaries are included in the consolidated financial statements filed as part of this Registration Statement except Pacific Gypsum Company, which was organized in May, 1961, but no shares of stock were issued until after June 30, 1961.

**ITEM 28. Franchises and Concessions.**

See "Raw Materials" in the Prospectus with respect to extraction rights granted by the Mexican government.

**ITEM 29. Indemnification of Directors and Officers.**

The Company's By-Laws include the following provision:

"Each director and officer, whether or not then in office, shall be indemnified by the Corporation against all liabilities, costs and expenses reasonably incurred by or imposed upon him in connection with or arising out of any action, suit or proceeding in which he may be involved or to which he may be made a party by reason of his being or having been a director or officer of the Corporation, such expenses to include the cost of reasonable settlements (other than amounts paid to the Corporation itself) made with a view to curtailment of costs of litigation. The Corporation shall not, however, indemnify such director or officer with respect to matters as to which he shall be finally adjudged in any such action, suit or proceeding to have been derelict in the performance of his duty as such director or officer, nor in respect of any matter on which any settlement or compromise is effected, if the total expense, including the cost of such settlement, shall substantially exceed the expense which might reasonably be incurred by such director or officer in conducting such litigation to a final conclusion; and in no event shall anything herein contained be so construed as to authorize the Corporation to indemnify any such director or officer against any liability or expense by reason of any act known by such director or officer at the time of doing it to be unlawful, nor against any liability or expense by reason of wilful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of his office. The foregoing right of indemnification shall not be exclusive of other rights to which any director or officer may be entitled as a matter of law."

Section 830 of the Corporation Code of California provides as follows:

"(a) When a person is sued, either alone or with others, because he is or was a director, officer, or employee of a corporation, domestic or foreign, in any proceeding arising out of his alleged misfeasance or nonfeasance in the performance of his duties or out of any alleged wrongful act against the corporation or by the corporation, indemnity for his reasonable expenses, including attorneys' fees incurred in the defense of the proceeding, may be assessed against the corporation, its receiver, or its trustee, by the court in the same or a separate proceeding, if both of the following conditions exist:

(1) The person sued is successful in whole or in part, or the proceeding against him is settled with the approval of the court.

(2) The court finds that his conduct fairly and equitably merits such indemnity.

The amount of such indemnity shall be so much of the expenses, including attorneys' fees, incurred in the defense of the proceeding, as the court determines and finds to be reasonable.

(b) Application for such indemnity may be made either by a person sued or by the attorney or other person rendering services to him in connection with the defense, and the court may order fees and expenses to be paid directly to the attorney or other person, although he is not a party to the proceeding.

(c) Notice of the application for such indemnity shall be served upon the corporation, its receiver, or its trustee, and upon the plaintiff and other parties to the proceeding.

The court may order notice to be given also to the shareholders in the manner provided in this division for giving notice of shareholders' meetings, in such form as the court directs.

(d) This section applies to all proceedings specified in subdivision (a), whether brought by the corporation, its receiver, its trustee, one or more of its shareholders or creditors, any governmental body, any public official, or any private person or corporation, domestic or foreign.

(e) The rights and remedy provided by this section are exclusive. The awarding of indemnity for expenses, including attorneys' fees, to parties to such proceedings, whether terminated by trial on the merits or by settlement or dismissal, shall be made only upon order of court pursuant to this section, and shall not be governed by any provision in the articles or by-laws of the corporation or by resolution or agreement of the corporation, its directors, or its shareholders.

(f) Notwithstanding the provisions of subdivisions (a), (b), (c), (d) and (e) of this section, the board of directors may authorize a corporation to pay expenses incurred by, or to satisfy a judgment or fine rendered or levied against, a present or former director, officer or employee of the corporation in an action brought by a third party against such person (whether or not the corporation is joined as a party defendant) to impose a liability or penalty on such person for an act alleged to have been committed by such person while a director, officer or employee, or by the corporation, or by both; provided, the board of directors determines in good faith that such director, officer or employee was acting in good faith within what he reasonably believed to be the scope of his employment or authority and for a purpose which he reasonably believed to be in the best interests of the corporation or its shareholders. Payments authorized hereunder include amounts paid and expenses incurred in settling any such action or threatened action. This subdivision (f) does not apply to any action instituted or maintained in the right of the corporation by a shareholder or holder of a voting trust certificate representing shares of the corporation.

(g) The provisions of this section shall apply to the estate, executor, administrator, heirs, legatees or devisees of a director, officer or employee, and the term "person" where used in the foregoing subdivisions of this section shall include the estate, executor, administrator, heirs, legatees or devisees of such person."

Insofar as indemnification by the registrant for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

**ITEM 30. Treatment of Proceeds from Stock Being Registered.**

The proceeds from the sale of stock being registered hereby are to be credited to the appropriate capital accounts, including the capital surplus account.

**ITEM 31. Financial Statements and Exhibits.**

**(a) Financial statements included in the Prospectus:**

Financial statements included in the Prospectus for Permanente Cement Company and subsidiaries and Permanente Cement Company (parent only) are listed in the index to financial statements appearing therein.

## INDEX TO SCHEDULES

	Schedule						
	III	IV	V	VI	IX	XII	XVII
Permanente Cement Company and Subsidiaries:							
Six months ended June 30, 1961			①	①	①	①	①
Year ended December 31:							
1960			②	②		②	
1959			②	②		②	
1958			②	②		②	
Permanente Cement Company:							
Six months ended June 30, 1961		①	①	①	①	①	①
Year ended December 31:							
1960	②	②	②	②		②	②
1959	②	②	②	②		②	②
1958	②	②	②	②		②	②

① Omitted from the Prospectus but filed with the Registration Statement.

② Previously filed with Annual Reports on Form 10-K for Permanente Cement Company and Subsidiaries, and incorporated by reference in this Registration Statement.

③ Schedules I, II, VII, VIII, X, XI, XIV, and XV for each of the above companies for each of the periods shown, and schedules shown in the above table without references, have been omitted as they are either inapplicable or the required information has been given in the financial statements or notes thereto.

④ The information required by Schedule XVI is included in Note K to the financial statements.

(b) The following exhibits are filed as a part of this Registration Statement:

## Exhibit No.

- 1.1 Agreement among Underwriters. (In preliminary form.)
- 1.2 Underwriting Agreement. (In preliminary form.)
- 1.3 Selling Agreement. (In preliminary form.)
- 1.4 Stock purchase agreement between the registrant and Henry J. Kaiser Company. (To be furnished by amendment.)
- 1.5 Letter from E. H. Heller waiving indemnification. (To be furnished by amendment.)
2. Exhibit instruction 2 not applicable.
- 3.1 Articles of Incorporation together with all amendments.
- 3.1.1 Certificate of Amendment of Articles of Incorporation. (In proposed form.)
- 3.1.2 Certificate of determination of preferences. (In preliminary form.)
- 3.2 By-Laws, as amended.
- 4.1.1 Form of common stock certificate. (To be furnished by amendment.)
- 4.1.2 Form of preferred stock certificate. (To be furnished by amendment.)
- 4.2 Bank Credit Agreement dated as of August 1, 1955. (February, 1956 Form 8-K Report, Exhibit 8-K (2-56) 4)
- First Supplement dated as of October 15, 1956 to Bank Credit Agreement. (November, 1956 Form 8-K Report, Exhibit 8-K (11-56) 4)
- Second Supplement dated as of March 28, 1957 to Bank Credit Agreement. (April, 1957 Form 8-K Report, Exhibit 8-K (4-57) 4)
- Third Supplement dated as of May 30, 1958 to Bank Credit Agreement. (June, 1958 Form 8-K Report, Exhibit 8-K (6-58) 4)
- Revised Fourth Supplement dated as of November 30, 1959 to Bank Credit Agreement. (June, 1960 Form 8-K Report, Exhibit 8-K (6-60) 4)
- Fifth Supplement dated as of July 1, 1960 to Bank Credit Agreement. (August, 1960 Form 8-K Report, Exhibit 8-K (8-60) 4)
- Sixth Supplement dated as of February 28, 1961 to Bank Credit Agreement. (February, 1961 Form 8-K Report, Exhibit 8-K (2-61) 4)
- 5.1 Restricted Stock Purchase and Option Plan. (June, 1952 Form 8-K Report, Exhibit 8-K (6-52) 14-A)
- Specimen copy of Stock Option Agreement. (Form 10-K Annual Report for fiscal year ended January 31, 1954, Exhibit AR(54) 15-WW)

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## Exhibit No.

- 5.2. Amendment to Restricted Stock Purchase and Option Plan. (June, 1954 Form 8-K Report, Exhibit 8-K (6-54) 11-A)  
Specimen copy of Amendment to Stock Option Agreement. (Form 10-K Annual Report for fiscal year ended January 31, 1955, Exhibit AR(55) 15-WW)  
Specimen copy of Stock Option Agreement dated April 27, 1955. (Kaiser Industries Corporation Form S-1 Registration Statement No. 2-14624, Exhibit 5.7)
- 5.3. 1957 Restricted Stock Purchase and Option Plan. (June, 1957 Form 8-K Report, Exhibit 8-K (6-57) 11.1)  
Specimen copy of revised Stock Option Agreement dated April 5, 1960. (Amendment No. 1 to Kaiser Industries Corporation Form S-1 Registration Statement No. 2-16433, Exhibit 5.7.1)
- 6.1. Opinion of counsel as to legality of securities being registered: (In proposed form.)
- 7. Exhibit instruction 7 not applicable.
- 8. Exhibit instruction 8 not applicable.
- 9. Exhibit instruction 9 not applicable.
- 10. Exhibit instruction 10 not applicable.
- 11.1. Henry J. Kaiser Company Savings and Retirement Plan Trust Agreement and resolutions of Board of Directors of registrant relative thereto. (Form 8 Amendment dated June 5, 1950, to April, 1950 Form 8-K Report, Exhibit 8-K (5-50) 15-JJ)
- 11.2. Resolutions of Board of Directors amending the above. (April, 1951 Form 8-K Report, Exhibit 8-K (5-51) 15-JJ)
- 11.3. Permanente Cement Supplemental Savings and Retirement Fund. (December, 1954 Form 8-K Report, Exhibit 8-K (12-54) 15-JJ)
- 11.4. Pension Agreement dated October 17, 1957, between registrant and Santa Clara County Building and Construction Trades Council and a number of international unions and local unions. (Form 8 Amendment dated October 19, 1961, to 1960 Form 10-K Report, Exhibit AR(61) 11.4)
- 11.5. Agreement dated October 18, 1957, between registrant and Santa Clara County Building and Construction Trades Council and certain international unions and local unions, covering "Old Timers" who do not qualify for benefits under the Pension Agreement of October 17, 1957. (Form 8 Amendment dated October 19, 1961, to 1960 Form 10-K Report, Exhibit AR(61) 11.5)
- 11.6. Pension Retirement Agreement dated July 23, 1958, between registrant and United Cement, Lime and Gypsum Workers International Union, Local #372, covering employees at Cushenbury plant. (Form 8 Amendment dated October 19, 1961, to 1960 Form 10-K Report, Exhibit AR(61) 11.6)
- 11.7. Pamphlet re Pension Plan for hourly employees at Cushenbury plant. (Form 8 Amendment dated October 19, 1961, to 1960 Form 10-K Report, Exhibit AR(61) 11.7)
- 11.8. Pamphlet re Pension Plan for hourly employees at Permanente, Moss Landing area plants. (Form 8 Amendment dated October 19, 1961, to 1960 Form 10-K Report, Exhibit AR(61) 11.8)
- 11.9. Pension Retirement Agreement dated July 1, 1959, between registrant and General Truck Drivers and Helpers Union, Local 467. (Form 8 Amendment dated October 19, 1961, to 1960 Form 10-K Report, Exhibit AR(61) 11.9)
- 11.10. Pension Agreement between Olympic Portland Cement Company, Limited, and United Cement, Lime and Gypsum Workers International Union, AFL-CIO, Local No. 41, as amended effective May 1, 1958. (Form 8 Amendment dated October 19, 1961, to 1960 Form 10-K Report, Exhibit AR(61) 11.10)
- 11.11. Permanente Cement Bellingham Salaried Retirement Plan. (Form 8 Amendment dated October 19, 1961, to 1960 Form 10-K Report, Exhibit AR(61) 11.11)

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- Exhibit No.
- 11.12 Description of Permanente Cement Supplemental Savings and Retirement Fund as amended March 3, 1959. (Form 8 Amendment dated October 19, 1961, to 1960 Form 10-K Report, Exhibit AR(61) 11.12)
  - 11.13 Description of Kaiser Savings and Retirement Plan as amended through January 18, 1961. (Form 8 Amendment dated October 19, 1961, to 1960 Form 10-K Report, Exhibit AR(61) 11.13)
  - 12.1 See Item 29 of this Registration Statement (Indemnification of Directors and Officers).
  - 13.1 Lease dated as of January 1, 1953 between registrant and Oahu Railway and Land Company covering certain land in Honolulu, Hawaii. (May, 1953 Form 8-K Report, Exhibit 8-K (5-53) 15-Q)
  - 13.2 Service Facilities Agreement dated April 1, 1960 between registrant and Kaiser Services relative to operation by the latter of cafeteria, auditorium, lanai shops and clinic. (Form 8 Amendment dated October 9, 1961, to 1960 Form 10-K Report, Exhibit AR(61) 15.14)
  - 13.3 Agreement dated January 1, 1954 between registrant and Kaiser Services pertaining to the furnishing by the latter of certain executive, administrative and office services. (Form 8 Amendment to Form 10-K Annual Report for fiscal year ended January 31, 1954, Exhibit AR(54) 15-Z(1))  
Addenda Nos. 11 and 11A to said Agreement. (1959 Form 10-K Report, Exhibit AR(60) 15.6)  
Addenda Nos. 12 and 13 to said Agreement. (1960 Form 10-K Report, Exhibit AR(61) 15.6)  
Addendum No. 14 to said Agreement. (August, 1961 Form 8-K Report, Exhibit 8-K(8-61) 15.6)  
Addendum No. 15 to said Agreement. (September, 1961 Form 8-K Report, Exhibit 8-K(9-61) 15.6)
  - 13.4 Lease Agreement dated as of February 1, 1956, between registrant and Kaiser Steel Corporation relating to limestone deposits in Southern California and mining and processing facilities to be located thereon. (April, 1957 Form 8-K Report, Exhibit 8-K (4-57) 13.1)  
Letter agreement supplementing lease. (June, 1957 Form 8-K Report, Exhibit 8-K (6-57) 13.1.1)  
Amendment to lease agreement. (October, 1960 Form 8-K Report of Kaiser Steel Corporation, Exhibit 8-K (9-60) 13.1.1B)
  - 13.5 Master Agreement dated July 1, 1955 between registrant and Kaiser Engineers Division of Henry J. Kaiser Company pertaining to the furnishing of staff services by the latter. (Form 10-K Annual Report for the fiscal year ended January 1, 1956, Exhibit AR(56) 15.2)  
Amendments and Change Orders Nos. 10 and 11. (1959 Form 10-K Report, Exhibit AR(60) 15.2)  
Change Orders Nos. 12 and 13. (1960 Form 10-K Report, Exhibit AR(61) 15.2)  
Change Order No. 14. (August, 1961 Form 8-K Report, Exhibit 8-K (8-61) 15.2)
  - 13.6 Master Agreement dated July 1, 1955 between registrant's subsidiary Kaiser Gypsum Company, Inc. and Kaiser Engineers Division of Henry J. Kaiser Company pertaining to the furnishing of staff services by the latter. (Form 10-K Annual Report for the fiscal year ended January 1, 1956, Exhibit AR(56) 15.3)  
Amendments and Change Orders Nos. 10 and 11. (1959 Form 10-K Report, Exhibit AR(60) 15.3)  
Change Orders Nos. 12 and 13. (1960 Form 10-K Report, Exhibit AR(61) 15.3)  
Change Order No. 14. (August, 1961 Form 8-K Report, Exhibit 8-K (8-61) 15.3)
  - 13.7 Agreement dated January 1, 1954 between registrant's subsidiary Kaiser Gypsum Company, Inc. and Kaiser Services pertaining to the furnishing by the latter of certain executive, administrative and office services. (Form 8 Amendment to Form 10-K Annual Report for fiscal year ended January 31, 1954, Exhibit AR(54) 15-SS(1))

Exhibit No.

- Addenda Nos. 11 and 11A to said Agreement. (1959 Form 10-K Report, Exhibit AR(60) 15.7)
- 13.8 Commitment Letter dated July 30, 1957 and amendment thereto dated December 20, 1957 between Metropolitan Life Insurance Company and registrant, Henry J. Kaiser Company, Kaiser Aluminum & Chemical Corporation, Kaiser Steel Corporation and Kaiser Center, Inc. pertaining to financing portion of costs of constructing an office building to be occupied under lease by registrant and other affiliated corporations. (February, 1958 Form 8-K Report of Kaiser Steel Corporation Exhibit 8-K (3-58) 4.12) Lease dated January 1, 1958 between Kaiser Center, Inc. and registrant. (November, 1958 Form 8-K Report, Exhibit 8-K (11-58) 15.10.1) First amendment to lease. (1960 Form 10-K Report, Exhibit AR(61) 15.10.1) Second amendment to lease. (August, 1961 Form 8-K Report, Exhibit 8-K (8-61) 15.10.1)
- 13.9 Master Agreement dated June 19, 1959 between registrant and Foothill Electric Corporation pertaining to the performance by the latter of certain electrical work. (1959 Form 10-K Report, Exhibit AR(60) 15.11)
- 13.10 Master Agreement dated July 3, 1959 between registrant's subsidiary Kaiser Gypsum Company, Inc. and Foothill Electric Corporation pertaining to the performance by the latter of certain electrical work. (1959 Form 10-K Report, Exhibit AR(60) 15.12)
- 13.11 Lease Agreement dated February 21, 1961 between registrant and the City of Redwood City, California, providing for the leasing of port facilities. (1960 Form 10-K Report, Exhibit AR(61) 15.13)
14. Preliminary Summary Prospectus.

Exhibits not filed herewith nor indicated to be furnished by amendment were previously filed as indicated in the parenthetical references, and are hereby incorporated by reference.

UNDERTAKINGS

Subject to the terms and conditions of Section 15(d) of the Securities Exchange Act of 1934, the undersigned registrant hereby undertakes to file with the Securities and Exchange Commission such supplementary and periodic information, documents and reports as may be prescribed by any rule or regulation of the Commission heretofore or hereafter duly adopted pursuant to authority conferred in that section.

## SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned thereunto duly authorized, in the City of Oakland, State of California, on the 24th day of October, 1961.

## PERMANENTE CEMENT COMPANY

By W. A. MARSH  
(W. A. Marsh) President

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed below by the following persons in the capacities and on the dates indicated:

SIGNATURE	TITLE	DATE
HENRY J. KAISER (Henry J. Kaiser)	Director and Founder Chairman of the Board	October 24, 1961
..... (Edgar F. Kaiser)	Director and Chairman of the Board	.....
E. E. TREFETHEN, JR. (E. E. Trefethen, Jr.)	Director and Vice Chairman of the Board	October 24, 1961
W. A. MARSH (W. A. Marsh)	Director and President (Principal Executive Officer)	October 24, 1961
WILLIAM MARKS (William Marks)	Director, Vice President and Secretary	October 24, 1961
ALLEN D. CHRISTENSEN (Allen D. Christensen)	Director	October 24, 1961
..... (Edward H. Heller)	Director	.....
..... (H. W. Morrison)	Director	.....
GILBERT J. SHEA (Gilbert J. Shea)	Director	October 24, 1961
K. A. CONNINGHAM (K. A. Conningham)	Treasurer (Principal Financial Officer)	October 24, 1961
R. G. HOHNSBEEN (R. G. Hohnsbeen)	Controller (Principal Accounting Officer)	October 24, 1961



CONSENTS

CONSENT OF INDEPENDENT ACCOUNTANTS

We have issued the reports dated August 31, 1961, accompanying the financial statements and schedules of Permanente Cement Company and Permanente Cement Company and Subsidiaries which appear in a Registration Statement of Permanente Cement Company on Form S-1, and in the related Prospectus and Summary Prospectus. We consent to the use of our reports and to the use of our name as it appears under the captions "Summary of Consolidated Earnings" and "Experts" in such Registration Statement, Prospectus and Summary Prospectus.

TOUCHE, ROSS, BAILEY & SMART  
Certified Public Accountants

San Francisco, California  
October 24, 1961

CONSENT OF COUNSEL

The consent of Thelen, Marrin, Johnson & Bridges will be included in their opinion to be filed as an exhibit to the Registration Statement.

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## ACCOUNTANTS' REPORT

BOARD OF DIRECTORS,  
PERMANENTE CEMENT COMPANY.

We have examined the balance sheet of Permanente Cement Company and consolidated balance sheet of Permanente Cement Company and subsidiaries as of June 30, 1961, the related statements of net earnings, retained earnings, and additional paid-in capital for the three years and six months then ended, and the schedules for the corresponding periods listed in Item 31 (a), and incorporated herein by reference. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the schedules previously referred to present fairly the information therein set forth.

TOUCHE, ROSS, BAILEY & SMART

*Certified Public Accountants*

San Francisco, California,  
August 31, 1961

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Schedule IV

## PERMANENTE CEMENT COMPANY

## SCHEDULE IV—INDEBTEDNESS OF AFFILIATES—NOT CURRENT

Six months ended June 30, 1961

Column A	Column B	Column C
Name of Affiliate	Balance receivable at beginning of period	Balance receivable at close of period
Glacier Sand & Gravel Company—subsidiary consolidated (100% owned)	\$ 700,000	\$ 700,000
Other affiliated companies	368,905	386,695
	<u>\$1,068,905</u>	<u>\$1,086,695</u>

The above amounts are classified with investments in and advances to affiliated companies.

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Schedule V

PERMANENTE CEMENT COMPANY AND SUBSIDIARIES  
and  
PERMANENTE CEMENT COMPANY

SCHEDULE V—PROPERTY, PLANT, AND EQUIPMENT  
Six months ended June 30, 1961

Column A Classification	Column B Balance at beginning of period	Column C Additions at cost	Column D Retirements or sales	Column E Other changes— debit and/or credit*— describe	Column F Balance at close of period
Consolidated:					
Land, timber, and quarries.....	\$ 6,123,644	\$ 4,075	\$ 12,414	\$ 60,622	\$ 6,175,927
Buildings and improvements.....	35,047,597	14,547	26,932	346,898	35,382,110
Machinery and equipment.....	54,512,999	155,388	205,749	385,136	54,847,774
Steamships.....	10,400,284	—	—	35,033	10,435,317
Construction in progress.....	1,266,108	890,313	—	827,689*	1,328,732
	<u>\$107,350,632</u>	<u>\$1,064,323</u>	<u>\$245,095</u>	<u>\$ —</u>	<u>\$108,169,860</u>
Parent Only:					
Land and quarries.....	\$ 2,725,999	\$ —	\$ —	\$ 56,771	\$ 2,782,770
Buildings and improvements.....	23,799,118	—	—	329,247	24,128,365
Machinery and equipment.....	38,230,342	61,644	141,264	134,323	38,285,045
Construction in progress.....	775,335	634,752	—	520,341*	889,746
	<u>\$ 65,530,794</u>	<u>\$ 696,396</u>	<u>\$141,264</u>	<u>\$ —</u>	<u>\$ 66,085,926</u>

The amounts shown in Column E represent transfers between classifications.

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Schedule VI

PERMANENTE CEMENT COMPANY AND SUBSIDIARIES  
and  
PERMANENTE CEMENT COMPANY

SCHEDULE VI—RESERVES FOR DEPRECIATION, DEPLETION, AND  
AMORTIZATION OF PROPERTY, PLANT, AND EQUIPMENT

Six months ended June 30, 1961

Column A Description	Column B Balance at beginning of period	Column C Additions		Column D Deductions from reserves		Column E Balance at close of period
		(1) Charged to profit and loss or income	(2) Charged to other accounts— describe	(1) Retirements, renewals, and replacements	(2) Other— describe	
Consolidated:						
Land, timber, and quarries.....	\$ 584,367	\$ 23,857	\$ —	\$ —	\$ —	\$ 608,224
Buildings and improvements.....	11,752,155	956,725	—	26,724	107,744 <sup>Ⓐ</sup>	12,574,412
Machinery and equipment.....	20,807,579	1,910,124	107,744 <sup>Ⓐ</sup>	126,317	—	22,699,130
Steamships.....	4,137,604	199,856	2,855 <sup>Ⓐ</sup>	—	—	4,340,315
	<u>\$37,281,705</u>	<u>\$3,090,562</u>	<u>\$110,599</u>	<u>\$153,041</u>	<u>\$107,744</u>	<u>\$40,222,081</u>
Parent Only:						
Land and quarries.....	\$ 258,763	\$ 9,927	\$ —	\$ —	\$ —	\$ 268,690
Buildings and improvements.....	8,755,805	666,006	—	—	101,453 <sup>Ⓐ</sup>	9,320,358
Machinery and equipment.....	14,970,937	1,220,882	101,453 <sup>Ⓐ</sup>	89,810	—	16,203,462
	<u>\$23,985,505</u>	<u>\$1,896,815</u>	<u>\$101,453</u>	<u>\$ 89,810</u>	<u>\$101,453</u>	<u>\$25,792,510</u>

The amounts shown in Columns C(2) and D(2) are described as follows:

- Ⓐ Transfers between classifications.  
Ⓑ Net increase in provision applicable to voyages in progress at beginning and end of period.

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PERMANENTE CEMENT COMPANY AND SUBSIDIARIES  
and  
PERMANENTE CEMENT COMPANY

SCHEDULE IX—BONDS, MORTGAGES AND SIMILAR DEBT

June 30, 1961

Column A	Column B	Column C	Column D	Column E		Column H
Name of issuer and title of each issue	Amount authorized by indenture	Amount issued and not retired or cancelled	Amount included in Column C which is not held by or for account of issuer thereof	Amount included in sum extended under caption "bonds, mortgages, and similar debt" in related balance sheets	Parent Only	Amount held by affiliates for which statements are filed herewith—Persons included in consolidated statement
Unsecured notes payable under Bank Credit Agreement of Permanente Cement Company:						
4½%, due in installments to July 31, 1965:						
Permanente Cement Company	\$ 2,812,500	\$ 2,812,500	\$ 2,812,500	\$ 2,187,500	\$ 2,187,500	None
Kaiser Gypsum Company, Inc.	11,156,250	11,156,250	11,156,250	8,468,750	—	None
Gypsum Carrier, Inc.	937,500	937,500	937,500	937,500	—	None
	\$14,906,250	\$14,906,250	\$14,906,250	\$11,593,750	\$ 2,187,500	
4½%, final installment due December 31, 1961—Kaiser Gypsum Company, Inc.	575,000	575,000	575,000	—	—	None
5½%, due in installments to November 30, 1966:						
Permanente Cement Company	\$18,570,000	\$15,770,000 <sup>Ⓐ</sup>	\$15,770,000	\$14,770,000	\$14,770,000	None
Kaiser Gypsum Company, Inc.	7,800,000	7,800,000	7,800,000	7,800,000	—	None
Glacier Sand & Gravel Company	1,500,000	1,500,000	1,500,000	1,500,000	—	None
	\$27,870,000	\$25,070,000	\$25,070,000	\$24,070,000	\$14,770,000	
Unsecured bonds payable (3½%) to Permanente Steamship Corporation, final payment due June 19, 1968—Compañía Occidental Mexicana, S.A. (eliminated in consolidation)	800,000	800,000	800,000	—	—	\$800,000
				\$35,663,750	\$16,957,500	

Notes:

Ⓐ See Note E to the financial statements. An additional \$2,800,000 was borrowed in July and August, 1961.

Ⓑ As to columns omitted the answer is "None".

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Schedule IX

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Schedule XII

PERMANENTE CEMENT COMPANY AND SUBSIDIARIES  
and  
PERMANENTE CEMENT COMPANY

SCHEDULE XII—RESERVES

Six months ended June 30, 1961

Column A	Column B	Column C Additions	Column D	Column E	
Description	Balance at beginning of period	(1)	(2)	Deductions from reserves—describe	Balance at close of period
		Charged to profit and loss or income	Charged to other accounts—describe		
<b>Consolidated</b>					
Allowances for discounts and doubtful accounts deducted from trade accounts receivable:					
Discounts .....	\$ 96,352	\$529,166	\$ —	\$499,479 <sup>Ⓐ</sup>	\$126,039
Doubtful accounts .....	292,880	76,250	5,040 <sup>Ⓒ</sup>	45,374 <sup>Ⓒ</sup>	328,796
	<u>\$389,232</u>	<u>\$605,416</u>	<u>\$5,040</u>	<u>\$544,853</u>	<u>\$454,835</u>
Operating provisions (classified as current liabilities):					
Provision for drydocking and vessel repairs .....	\$189,962	\$189,593	\$1,850 <sup>Ⓓ</sup>	\$266,378 <sup>Ⓓ</sup>	\$115,027
Provision for abnormal mill, kiln, and linehaul repairs.....	339,431	248,415	—	196,644 <sup>Ⓓ</sup>	391,202
	<u>\$529,393</u>	<u>\$438,008</u>	<u>\$1,850</u>	<u>\$463,022</u>	<u>\$506,229</u>
<b>Parent Only</b>					
Allowances for discounts and doubtful accounts deducted from trade accounts receivable:					
Discounts .....	\$ 96,352	\$529,166	\$ —	\$499,479 <sup>Ⓐ</sup>	\$126,039
Doubtful accounts .....	107,072	26,285	4,118 <sup>Ⓒ</sup>	43,007 <sup>Ⓒ</sup>	94,468
	<u>\$203,424</u>	<u>\$555,451</u>	<u>\$4,118</u>	<u>\$542,486</u>	<u>\$220,507</u>
Provision for abnormal mill, kiln, and linehaul repairs (classified as a current liability) .....					
	<u>\$339,431</u>	<u>\$248,415</u>	<u>\$ —</u>	<u>\$196,644<sup>Ⓓ</sup></u>	<u>\$391,202</u>

The amounts shown in Columns C(2) and D are described as follows:

- Ⓐ Discounts allowed.
- Ⓑ Recoveries on accounts previously charged off.
- Ⓒ Uncollectible accounts charged off.
- Ⓓ Net increase in provision applicable to voyages in progress at beginning and end of period.
- Ⓔ Cost of repairs incurred during the period.

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Schedule XIII

## PERMANENTE CEMENT COMPANY AND SUBSIDIARIES

and

## PERMANENTE CEMENT COMPANY

## SCHEDULE XIII—CAPITAL SHARES

June 30, 1961

Column A Name of issuer and title of issue	Column B Number of shares authorized by charter	Column C Number of shares issued and not retired or cancelled	Column D Number of shares included in Column C which are not held by or for account of issuer thereof	Column E Shares outstanding as shown on or included in related balance sheet under caption "Capital Shares"		Column G Number of shares reserved for officers and employees
				(1) Number	(2) Amount at which carried	
Permanente Cement Company—Common Stock, par value \$1.00 a share....	8,000,000	5,719,142	5,719,142	5,719,142	\$5,719,142	141,010

## Notes:

Capital shares of consolidated subsidiaries are omitted from this schedule, inasmuch as all of the outstanding shares of each issue of such capital shares are held by one or more of the persons included in the financial statements and the answer to Column G is none.

As to columns omitted, the answer is "None."

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Schedule XVII

## PERMANENTE CEMENT COMPANY

SCHEDULE XVII—INCOME FROM DIVIDENDS—EQUITY IN  
NET PROFIT AND LOSS OF AFFILIATES

Six months ended June 30, 1961

Column A	Column C
Name of issuer and title of issue	Amount of equity in net profit and loss* for the period
Subsidiaries consolidated (100% owned):	
Glacier Sand & Gravel Company—Common Stock, par value \$100.00 a share.....	\$ 15,296*
Permanente Steamship Corporation—Common Stock, no par value.....	8,394*
Permanente Trucking Company—Common Stock, par value \$1.00 a share.....	10,267
Kaiser Gypsum Company, Inc.—Common Stock, par value \$2.00 a share.....	608,578
	<u>\$595,155</u>
Other affiliated companies—Common Stocks.....	29,451*
	<u>\$565,704</u>

As to columns omitted the answer is "None".

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